



Daily Report

Central Eurasia

FBIS-SOV-95-114
Wednesday
14 June 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report

Central Eurasia

FBIS-SOV-95-114

CONTENTS

14 June 1995

NOTICE: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

More on Preparations for G-7 Summit in Halifax	1
Medvedev on Yeltsin's Preparations [INTERFAX]	1
G-7 To Note Actions in Chechnya [KOMSOMOLSKAYA PRAVDA 14 Jun]	1
Group Said Planning To Kidnap Leaders [ITAR-TASS]	2
'Definite Progress' Seen Needed for Membership [ROSSIYSKAYA GAZETA 14 Jun]	2
Russia's World Role, Weight Termed 'In No Doubt' [ROSSIYSKIYE VESTI 14 Jun]	3
Commentary Warns Against Placing Too High Hopes [MOSKOVSKIYE NOVOSTI 11-18 Jun]	4

INTERREGIONAL AFFAIRS

Interior Ministers' Conference Opens in Tbilisi [ITAR-TASS]	6
CIS Transport Policy Reviewed at Conference	6
Conference Opens in Minsk [ITAR-TASS]	6
Lukashenka Addresses CIS Ministers [INTERFAX]	6
Russian Representatives From Baltics Meet [BNS]	7
Russia, CIS Presentation at Air Show Described [Moscow ORT]	7
ITAR-TASS Carries Press Review for 14 Jun	8

RUSSIA INTERNATIONAL AFFAIRS

U.S. Congress Freeze on Aid to Russia Viewed [ITAR-TASS]	10
FSB Officer on 'Exaggeration' of Ames' Value [ITAR-TASS]	10
St. Petersburg FSB Reportedly Outwits CIA [Moscow ORT]	11
Gangster's Arrest Said Success for FBI Links [IZVESTIYA 14 Jun]	11
Diplomat: Contact Group Plan 'Has No Chance' [INTERFAX]	12
Bildt on Moscow's Role in Bosnian Crisis [ITAR-TASS]	13
Gromov Interviewed; Rejects NATO Expansion [Berlin DIE WELT 12 Jun]	14
Kozyrev, OSCE Commissioner Discuss Minority Rights [ITAR-TASS]	17
Further on Kozyrev's Meeting [ITAR-TASS]	17
Kozyrev Terms Relations With Iran, Iraq 'Good' [London AL-WASAT 18 Jun]	18
Kozyrev Meeting With Kyrgyz Official Detailed [ITAR-TASS]	18
Medvedev Denounces French Nuclear Test Resumption [ITAR-TASS]	19
Foreign Ministry Reaction Cited [ROSSIYSKIYE VESTI 14 Jun]	19
Black Sea Fleet Accord Deserves 'No Rejoicing' [PRAVDA 14 Jun]	19
Fleet Accord Detailed; Kasatonov on Ratification [IZVESTIYA 14 Jun]	20
Fleet Agreement Termed 'Mutual Breakthrough' [KRASNAYA ZVEZDA 14 Jun]	21
Moscow To Supply Malaysia With 18 MiG's [INTERFAX]	21

RUSSIA NATIONAL AFFAIRS

Political Issues

Yeltsin Satisfied With Approved Election Bill [ITAR-TASS]	23
Constitutional Court Denies Proposal on Chechnya [ITAR-TASS]	23
Yeltsin Signs Edict on Presidential Programs [ITAR-TASS]	23
Rybin Decision Said To Await Election Law [PRAVDA 10 Jun]	23
'Forward, Russia' Said Satisfied With Activities [ITAR-TASS]	24
Abdulatipov Writes on Sovereignty, Federalism [TRUD 10 Jun]	25
Abdulatipov Cited on Political, Ethnic Issues [LITERATURNAYA GAZETA 7 Jun]	27
Police on Effect of Presidential Edict on Crime [ITAR-TASS]	32
Police, FSB Said To Blame for Armed Clash [ITAR-TASS]	33
Clash Seen as Start of Police-FSB 'War' [MOSKOVSKIYE NOVOSTI 11-18 Jun]	33
Former Paratroops Criminal Gang Eliminated [KOMMERSANT-DAILY 2 Jun]	34
Government Inspectors Launch Probe in Vladivostok [ITAR-TASS]	36

Media Issues

Ostankino Blames Government for 'Stifled' Media [Moscow ORT]	37
Ostankino Forced To Suspend Producing Programs [SEGODNYA 14 Jun]	37
Press Committee Chief Urges State Support for Media [ITAR-TASS]	37

Military & Space Issues

Army Cash Plight Critical After 1st Quarter [KRASNAYA ZVEZDA 10 Jun]	38
Space Official: Cooperation With U.S. Beneficial [ITAR-TASS]	39

Federal Assembly

'National Union' Criticizes Serbia Sanctions [Internet]	39
Communists Initiate Debate on Founding Agreement [ITAR-TASS]	41
Federation Council To Examine Election Law [ITAR-TASS]	41
Further on Consideration of Law [SEGODNYA 14 Jun]	41
Yeltsin To Submit Defense Procurement Law [ITAR-TASS]	42
Federation Council To Debate Agriculture Plight [INTERFAX]	43

Regional Affairs

Further Reportage on Situation in Chechnya	43
Missing U.S. Citizen 'Alive' [KOMSOMOLSKAYA PRAVDA 14 Jun]	43
Gunmen Seize Hostages in Budennovsk [ITAR-TASS]	43
'Terrorists' Moving Toward Chechnya [ITAR-TASS]	44
Further Details on Budennovsk Incident [Moscow Radio]	44
Plan To Blow Up Factory Revealed [ITAR-TASS]	45
Downed Helicopter Crewmen Survive [Radio Rossii]	45
Ministry Confirms Capture of Shatoy [ITAR-TASS]	45
Dudayev Reportedly Wounded [Moscow Radio]	46
Dudayev Representative Confirms Injury [ITAR-TASS]	46
Dudayev on Shatoy; Denies Injury [ITAR-TASS]	46
Last Phase of War 'Over' [ITAR-TASS]	46
Chechen Opposition Said Fragmented [INTERFAX]	47
Soskovets Urges Army Discipline [ITAR-TASS]	47
Official on Arms Supplies to Dudayev [INTERFAX]	48
Chechnya To Hold Elections 5 Nov [ITAR-TASS]	48
Semenov on Situation for Elections [ITAR-TASS]	48
Council of Europe Observers on Chechnya Tour [ROSSIYSKIYE VESTI 14 Jun]	49
Soskovets Chairs Chechnya Restoration Meeting [ROSSIYSKAYA GAZETA 14 Jun]	49
PRAVDA Reports on Developments in Chechnya [14 Jun]	49
Cossacks Request Secession From Chechnya [SEGODNYA 14 Jun]	50
Relief Money for Sakhalin 'Lost' in Banking System [ROSSIYSKAYA GAZETA 14 Jun]	50
Sakhalin Commission Earthquake Toll Final Figures [Sakhalin TV]	51
Shumeyko on Kaliningrad's Role, Elections [KALININGRADSKAYA PRAVDA 31 May]	52
Murmansk Submarine Dismantling Facility Profiled [Moscow RTV]	55

Economic Issues

Expert Urges Central Bank Policy Openness [SEGODNYA 14 Jun]	55
Panskov on Ruble Exchange Rate Outlook [SEGODNYA 14 Jun]	56
Fedorov Predicts Currency Crisis by Aug [INTERFAX]	57
World Bank Support, Currency Policy Viewed [KOMMERSANT-DAILY 14 Jun]	57
Yeltsin Adviser Interviewed on Monetary Policies [LITERATURNAYA GAZETA 7 Jun]	58
Chairman on International Banking Congress [SMENA 8 Jun]	62
Better Prospects Seen for Investment Growth [ROSSIYSKAYA GAZETA 10 Jun]	63
Economic Ministry Reports 1994 Trade Figures [ECONOMIC NEWS AGENCY]	66

UKRAINE

International Affairs

Defense Minister on Partnership Program With NATO [INTERFAX]	67
Report on Interest in G-7 Summit Decisions [UNIAN]	67
FM Udovenko Urges 'Tolerance' With Russia [MOLOD UKRAYINY 9 Jun]	67
Udovenko Says Black Sea Fleet Questions Remain [UNIAN]	70
Shmarov Urges Temperate Use of Force in Bosnia [UNIAN]	70
Agreement With Germany on Defense Cooperation [UNIAN]	71
Polish Delegation Cites 'Positive' Ties [INTERFAX]	71

National Affairs

National Assembly Faults Sochi Summit Results [INTERFAX]	71
'Optimistic' End to President-Parliament Dispute [KYIVSKA PRAVDA 9 Jun]	71
Kuchma Urges No Delays in Forming Government [INTERFAX]	72
Kuchma, Marchuk Comment on New Government [UNIAN]	73
Kuchma Relieves Deputy Prime Minister From Post [Kiev TV]	73
General Staff Head Discusses Military Doctrine [INTELNEWS]	73
Crimean Legislature Suspends Draft Constitution Hearing [UKRINFORM]	75
Zirconium Seizure Report Said 'Misinformation' [Kiev International]	75

Economic Issues

Kuchma's Economic Adviser on Policy [KIYEVSKIYE VEDOMOSTI 8 Jun]	75
IMF To Grant Second Tranche of Stand-By Credit [INTERFAX]	77
Budget Amendments on Foreign Economic Activities [UKRINFORM]	78
Canadian Firms To Explore Diamond Deposits [UKRINFORM]	78
Gas Shipments Stopped; 'Undersupply' Detailed [UKRINFORM]	78
Edict To Protect Domestic Market From Dumping [UKRINFORM]	79

WESTERN REGION

Belarus

Lukashenko: Belarus, Russia 'Doomed To Live Together' [INTERFAX]	80
Columnist Derides NATO, Partnership for Peace [RESPUBLIKA 7 Jun]	80
Ambassador to Poland Tarazevich Dismissed [Minsk International]	82
Supreme Soviet Urged To Confirm New Deputies [Minsk Radio]	82

Moldova

Second Thoughts About Treaty With Romania [ITAR-TASS]	83
Oil Port Project Depends on Redrawing Border [Moscow ORT]	83
Russian Peacekeepers Said Unable To Guard Army Depots [BASAPRESS]	83
PDAM Plans 'Informal' Conference on Dniester [INFOTAG]	83
Gagauz Yeri Elections Viewed, 'Irregularities' [BASAPRESS]	84

CENTRAL ASIA

Kazakhstan

Demirel Leads Turkish Delegation on Visit	86
Nazarbayev, Demirel Discuss Economics [Almaty TV]	86
Agree on Oil Pipeline Project [INTERFAX]	86
Nazarbayev Approves Main Provisions of Constitution [INTERFAX]	87

Tajikistan

New PRC Envoy Discusses Economic Ties [Dushanbe Radio]	87
Rakhmanov Condemns Killers of Army Commander [ITAR-TASS]	87
Tajiks Act To Tackle Dushanbe Bread Shortage [Dushanbe Radio]	88

Uzbekistan

Karimov Meets Japanese Investment Chief [Tashent TV]	88
Karimov Issues Edict Liberalizing Economy [INTERFAX]	88
Government To Lift Foreign Currency Restrictions [INTERFAX]	89
Legal Framework of Economic Reform Sought [ROSSIYSKAYA GAZETA 9 Jun]	89

CAUCASUS

Armenia

Deputy Minister Leaves for Talks on Karabakh [Yerevan Radio]	92
Politicians Give Reasons For Leaving AOD [GOLOS ARMENII 3 Jun]	92
Russia's Lysenko Lends Support to Dashnaks [GOLOS ARMENII 3 Jun]	92
Documents Said To Explain Dro Structure [RESPUBLIKA ARMENIYA 7 Jun]	93

Azerbaijan

Parliament Issues Resolution on Election Date [Baku TV]	98
Proposed Privatization Program Studied [ZERKALO 3 Jun]	99

BALTIC STATES

Estonia

European Union Association Agreement Signed [Tallinn Radio]	102
Foreign Minister's Address to EFTA Meeting [Ministry of Foreign Affairs Press Release]	102
Russian State Duma Delegation Visits Estonia	103
Received by Premier [Tallinn Radio]	103
Tartu Peace Treaty Discussed [Tallinn Radio]	103
Border Problem Discussed [BNS]	103
Meri Discusses Troop Withdrawal With Parliament [BNS]	104
Savisaar Called 'Strong Man' in Government [Stockholm Radio]	104

Latvia

Gailis Views Integration With European Union [Riga Radio]	104
Foreign Minister Birkavs Returns From Norway [Riga Radio]	105
Government Approves Bill on Bank Supervision [Riga Radio]	105

Lithuania

President Notes Significance of EU Pact [BNS]	105
President: EU Association Increases Security [Vilnius Radio]	105

More on Preparations for G-7 Summit in Halifax

Medvedev on Yeltsin's Preparations

LD1306182095 Moscow INTERFAX in English
1732 GMT 13 Jun 95

[From the "Presidential Bulletin" feature: Compiled by Nikolay Zhrebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Moscow 13 Jun (INTERFAX) — Boris Yeltsin's working schedule for Tuesday [13 June] was drawn up while keeping in mind the need to prepare for the upcoming G7 meeting in Halifax (Canada), presidential spokesman Sergey Medvedev reported to Interfax.

According to Medvedev, Yeltsin plans to meet today with a number of experts who will help him prepare materials for the summit in Canada. The Russian delegation led by President Yeltsin is to fly off on the morning of June 16.

President Yeltsin's closest associates have responded with "great positive interest" to the State Duma declaration of June 9 on the crisis in the Balkans and proposals for a settlement in Bosnia, a source close to the presidential staff has said.

According to the source, some Russian presidential aides and experts welcomed the State Duma's initiative on the Yugoslav issue. Along with preparations for the G7 summit in Halifax, Canada, and in the context of that event, the Yugoslav issue will be the focus of President Yeltsin's attention over the next few days.

The source pins some hope on the Serb republic parliamentary session in Pale Wednesday. The session is expected to consider the State Duma's peace plan for the region.

G-7 To Note Actions in Chechnya

MM1306185895 Moscow KOMSOMOLSKAYA
PRAVDA in Russian 14 Jun 95 p 7

[Report by Yelena Ovcharenko: "G-8 Meeting: Journey to Halifax With Stopover in Grozny"]

[FBIS Translated Text] The heads of state and government are still just getting ready for their summit meeting in the Canadian city of Halifax but the world press is comprehensively discussing the draft of the joint communique on its results, which fell into the hands of Canadian Parliamentary Deputy N. Rees. The fiery opposition member immediately publicized the document, thus — not without malicious intent — putting the knife into Premier Jean Chretien, who is chairing the summit. As a tactical move this step was justified because the

meeting, as usual, is reminiscent of a "jet-set" event: It will open at dinner 15 June and will close as early as in the afternoon of the 17th, and this provided an opportunity to comment on everything at leisure.

The G-7, or rather the G-8 since July 1994, because it was then that Russia first took part in the discussion on the political side, is a club of the most influential world leaders who once a year "get away from it all" for a summit weekend in order to coordinate their actions. On the current, jubilee weekend — that is to say the 20th — the Russian president will be able to participate when not only political but also a number of economic questions are being discussed.

The meeting's hosts, who are traditionally the leaders of the host country, have already stated that its final accord will be a discussion of the Chechen question. "There is no doubt that the unacceptable nature of Russia's actions in Chechnya will be clearly pointed out to President Yeltsin and that the profound conviction that a political solution to the Chechen problem must be found will be expressed to him," Canadian Deputy Foreign Minister G. Smith noted.

The Americans have also frankly let the world know that they will seek condemnation of Iran's actions. It can be assumed that the situation in the former Yugoslavia will not escape attention either. Maybe the leaders will also discuss the prospects for creating a "multinational rapid reaction force." But the most important topics will be the prospects for economic and social reforms in the United Nations and global questions regarding the fight against crime and the smuggling of nuclear materials.

As for economic problems, besides unemployment, improving trade relations, and settling trade conflicts, existing serious differences of opinion await the G-7. It is unlikely, for example, that it will be possible to solve the question of strengthening the international financial organizations' influence in the matter of anticipating crises. Although IMF Executive Director Michel Camdessus is prepared to support proposals for the IMF to sell its gold reserve to help countries suffering financial cataclysms, he is linking this with the need to increase contributions from developed countries.

Why exactly is our president nonetheless going all that way to Halifax? Let us get it straight: We will not be given any money this weekend. But it is there that the main political and economic priorities will be determined. For the entire year ahead.

Group Said Planning To Kidnap Leaders

LD1306190595 Moscow ITAR-TASS in English
1828 GMT 13 Jun 95

[FBIS Transcribed Text] OTTAWA June 13 (Itar-Tass) — An unidentified group naming itself Loki-7 voiced a threat to kidnap leaders of G-7 industrial nations who are to come to the Halifax summit due to be held on June 15-17, said spokesmen for the Royal Mounted Police, Canada's major security service.

The group's letter sent to the local television station ATV says no G-7 leader would be safe even in indoor and guarded places.

The spokesmen said the security service did not place great weight with that threat, but was nonetheless carrying out an investigation.

The U.S. Secret Service, which guards President Bill Clinton, asked for a copy of the letter.

According to the Canadian spokesmen, the letter contains swastikas and anti-Semite slogans.

In addition, Loki-7 in its letter assumes responsibility for an explosion which was staged in April 1995 in an administrative building of Charlottetown, Prince Edward Island province.

The explosion caused serious damage and injured one person.

'Definite Progress' Seen Needed for Membership

MM1306181495 Moscow ROSSIYSKAYA GAZETA
in Russian 14 Jun 95 First Edition pp 1, 7

[Report by Aleksandr Krasulin: "The Course — Toward the 'G-8.' Russia Will Take Part in the Discussion of Global Economic Problems"]

[FBIS Translated Text] The meeting of the leaders of the world's seven leading industrialized countries opens in the Canadian city of Halifax tomorrow. Russian President Boris Yeltsin will arrive in Canada for day two of the conference's work. He will not only take part in the "political G-8" but will also essentially join in the G-7's discussion of global economic problems.

According to the program which has been announced, the meeting of the heads of states and governments of Britain, Germany, Italy, Canada, the United States, France, and Japan will open 15 June with a working dinner where economic questions will be discussed. The heads of states and governments will continue their exchange of opinions at their meeting the following morning and during the working lunch. Immediately after Boris Yeltsin's arrival in Halifax he will meet with Canadian Prime Minister Jean Chretien, who is chairing

the summit — he will give the Russian president a detailed report on the course of the discussions and work on the joint statement. Then the Russian leader will take part in the working dinner where Boris Yeltsin will have an opportunity to give his opinion on all the topics under discussion.

Among the problems of greatest importance to Russia will be the issues of the Russian debt and the IMF's allocation of additional credits to our country. President Yeltsin also intends asking the G-7 leaders to support Russia's desire to become a full-fledged member of the Organization for Economic Cooperation and Development and the Paris Club.

The participants in the meeting will discuss possible measures to enhance the role and potential of international financial institutions, first and foremost the IMF, in resolving or, better still, averting financial calamities such as the recent Mexican peso crisis, specific steps in the fight against terrorism, the situation in Russia, nuclear disarmament, the problem of relations with Iran, questions pertaining to the peace settlement on the territory of former Yugoslavia, as well as the structure of the future model of European security.

On the eve of the meeting your ROSSIYSKAYA GAZETA correspondent asked Russian Economy Minister Yevgeniy Yasin what are the main economic problems that the Russian side intends to raise at the summit and which of them, in his view, could be resolved positively. He said: "I am acting as the president's personal representative. The work of the personal representatives — the so-called sherpas — is fairly confidential. The leaders are to announce the results. All that I can say is that we are hoping that the final communique, which will be signed by the G-7 heads of states and governments, will take account of Russia's main wishes."

That will also be helped by the mood of the majority of the leaders of the countries taking part in the forum. Our country has been promised the support of the leaders of the United States, Germany, Canada, and Britain. Russia should become a full-fledged member of the G-7, which should then be transformed into the most important international organ, according to Jacques Attali, former president of the European Bank for Reconstruction and Development. In his opinion, the majority of international organizations today, including the United Nations, are highly ineffective. That is why in present-day conditions the G-7 must assume a leading role in world affairs. The assertions that the Russian Federation is not an industrially developed country and therefore cannot take part in the sessions of the G-7 are extremely dangerous. It must not be forgotten that it remains a superpower to this day, Jacques

Attali stressed. In his opinion, the G-7 structure should coincide fully with the structure of the institution of the permanent members of the UN Security Council so that the question of China's membership of the G-7 should also be studied in the future.

However, it is not all fond wishes about Russia's membership of the club of the industrially most developed countries, there are also objective difficulties. "Ultimately, if Russia is to become a member of the G-7, which means first and foremost the economic aspect of it, it has to make definite progress toward emerging from the economic crisis and, more importantly, toward the stabilization of the institutional conditions of economic life," Yevgeniy Yasin believes. "Above all this means the execution of contracts, the collection of taxes, the fulfillment of economic obligations, and the work of the judicial system which enables both Russian and foreign citizens and corporate entities to protect their interests more or less effectively. And finally there must be some success in the fight against corruption. All the G-7 countries have a more or less similar system of economic management. There are cultural and legislative differences but there is also a civilized market economy which ensures the conscientious fulfillment of agreements. The Russian Federation Government is working in the sphere of institutional transformations but these processes unfortunately are not moving as quickly as the liberalization of prices, for instance."

Russia's World Role, Weight Termed 'In No Doubt'
MM1306192995 Moscow ROSSIYSKIYE VESTI
in Russian 14 Jun 95 pp 1, 3

[Article by Grigoriy Borisov: "Halifax: From Seven and a Half to Eight. Next Meeting of the G-7 Countries Opens in This Canadian Port Tomorrow"]

[FBIS Translated Text] The heads of the leading Western industrialized countries — Britain, Germany, Italy, Canada, the United States, France, and Japan — are gathering here. As usual they will discuss economic problems and topical political questions — both global and regional.

Events on this scale always arouse great interest among the world's public. On the eve of the meetings there is no shortage of forecasts of their results — ranging from the serious ones based on in-depth analysis of international relations to the light-hearted, based on "facts" that are either far-fetched or are derived from dubious sources. This time the picture is a repeat. Mostly it contains talk and predictions about the form and essence of Russia's participation in the summit and the prospects for the G-7's transformation into the G-8.

Back at the Tokyo meeting in 1993 its participants stressed the need for multilateral cooperation among the industrially developed Western countries, including Russia. Since that time the then timid steps in that direction have become firmer and, since last year's summit in Naples, this cooperation has risen to a qualitatively new level. It may be said with confidence that Russia's relations with the G-7 countries are increasingly acquiring the character of stable interaction in various spheres. A good foundation for that has been created by the constructive stance of the seven states. The creation of a political G-8 opens up new opportunities for joint progress on a whole series of political and economic questions.

President Boris Yeltsin is arriving in Halifax on day two of the talks which prior to that will be economic in character. However, our head of state will be given a detailed account of the course of the discussions and the work of that part of the summit by Canadian Prime Minister Jean Chretien who is chairing the meeting. Therefore at the working dinner on that day B. Yeltsin will be able to express his opinion on the whole range of items on the agenda. The following day, June 17, Russia will take part in the plenary session. The Halifax summit will end with a working lunch.

A Western diplomat in Moscow noted in connection with Halifax a few days ago that an effective world order is inconceivable without Russian participation. Of course he had policy and the economy in mind.

Russia wants to gradually expand its cooperation with the industrially developed countries and does not intend artificially accelerating the process of the economic G-7's transformation into a full-fledged G-8. The constant working contacts on the preparation for the Halifax meeting give grounds for viewing the meeting with optimism from that very viewpoint.

In our preparations for it we counted on productive cooperation in the solution of many contemporary questions, including economic questions. They also include the so-called global questions — the foreign debt, international trade, investments, the financial crisis and financial stabilization, the reform of the currency and financial system, the fight against transnational crime, the safety of the nuclear power industry, and so forth.

In the economy there are quite a few spheres which require close cooperation among the world's leading countries. Russia has a special interest in some of them of course. Here is an example. Almost a year ago in Naples the G-7's top leaders came out clearly in favor of an additional issue of IMF special borrowing rights. That would make it possible to avoid imbalances in

the distribution of special borrowing right reserves and bring them into line with the IMF member countries' quotas. Its leadership supported the idea. However, it has still not been implemented. We hope that the deadlock will be broken in Halifax.

Here is another example. Russia is encountering the difficulties of the transitional period for which it needs the debt burden to be rescheduled over a number of years. There is an urgent need for specific talks within the framework of the Paris Club on an all-embracing restructuring of the Russian debt. Russia recently received a deferment on the payment of around \$7 billion, which it was supposed to repay to the Paris Club in 1995. Russia's economic policy thus enjoys the support of the IMF. An accord has been reached on starting joint work with the IMF on a medium-term borrowing program. We are counting on the G-7's support here. Among the global economic problems already mentioned I would highlight the need to help countries with a transitional economy.

Our proposals on these and other topics were conveyed to the representatives of the participants in the Halifax meeting. They were taken into account in the preparation for the summit. In the future it would be useful to have closer interaction with our representatives in implementing them.

To judge from the comments of Western politicians and the results of the preparation for the summit, Halifax will see the G-7 make progress toward transformation into the G-8 with Russia's full-fledged participation. Instead of attending one working discussion, as happened in Italy, our president will attend three entirely separate events. Russia, as Jean Chretien noted, will play a significantly greater role this year than last year in Naples. Yevgeniy Yasin, the Russian president's personal representative, who is in Toronto, is quite clearly convinced that we will discuss the majority of the problems with the other countries. Our side discussed in detail everything pertaining to Russia in the final communique on the discussion of the global economic problems issued on the G-7's behalf — a communique which we do not sign. In other words, we took indirect part in the elaboration of the document. But the Russian representatives prepared the statement on the meeting's general results on the G-8's behalf on an equal footing with the other states. As the conference on the preparation of the meeting showed, Russia's political role and weight in the world are in no doubt.

Commentary Warns Against Placing Too High Hopes

*MK1406102295 Moscow MOSKOVSKIYE NOVOSTI in Russian
No. 41 11-18 Jun 95 (Signed to Press 13 Jun) p 5*

[Report by Sergey Strokan under the "In the World" rubric: "A View From Halifax: Ups and Downs"]

[FBIS Translated Text] One should not expect the Halifax summit to become "an Everest of world politics," Ms. Joan Spero. U.S. deputy secretary of state, has warned journalists on the eve of the G-7 meeting in Canada. As for the leaders of the elite club member countries, they have realized even without such warnings that their meeting will not be something of a new Bretton Woods.

References to this U.S. city, in which over half a century ago 44 states agreed to set up key financial structures (including the IMF and the IBRD) for the purpose of restoring the world economy after World War II, can currently be encountered in the economic press throughout the world. Participants in the Halifax summit will essentially face objectives of a similar scale: The world clearly needs the modernization of financial and economic institutions in order to manage such crises as the ones in Mexico or in Russia. Meanwhile, the summit agenda is formulated in an academically abstract fashion: Only a general discussion on "the state of the present-day economic architecture" is scheduled to take place. This is strongly reminiscent of a veiled recognition of the fact that the "Cold War" has done more to disrupt the world economy than World War II.

Perhaps the most graphic illustration of this fact is relations between the G-7 and Russia, which has been invited as a "half-member" to join the G-7 meeting for the second time now. And although this time around the Russian Federation president plans "to join the discussion of strategic problems on a global scale," it is difficult to imagine what this might mean in practice. To all appearances, both side's conscious desire to forget for the time being about increasing frictions between Russia and the West (Chechnya, NATO's enlargement, the sale of reactors to Iran, the struggle for influence in the post-Soviet space), and a switch to "general political deliberations" in their collaboration is the maximum Halifax can be expected to deliver from the outset.

Participants in the summit were careful to have found a face-saving format that enabled them to preserve the semblance of "a fruitful dialogue." The G-7 had to demonstrate once again: Despite everything, it still supports Russian reform. Boris Yeltsin, for his part, received an opportunity once again to remind the West

from "the height of Halifax" of "a great Russia," without which not even one crucial problem of world politics can be resolved. How long, however, can this illusion of harmony be maintained?

One of the key differences is diametrically opposed approaches to the problem of combining economic cooperation and international security. The Kremlin, it seems, has become increasingly certain that a dialogue with the West should not hamper its economic and military links with countries that are considered pariahs by the club of industrially developed countries, such as Iran, Iraq, Cuba, North Korea, and Sudan. Turning back to the "former Soviet allies" is becoming Moscow's new policy line as it distances itself from the West. A nuclear deal with Iran, efforts to have sanctions lifted from Iraq, a visit by the Russian military to Sudan, and talks on building a major oil pipeline in that country are beginning to form a trend and can hardly be dismissed as a coincidence.

The West, which, in turn, is not going to tolerate that, responds to Moscow that it will be unable to decouple the problems of conquering markets in the "third world" and maintaining relations with the industrially developed powers. A new export control organization (to replace the abolished COCOM), the creation of which will be discussed in Halifax, is intended precisely as a means to restrain what the West sees as "suspicious" countries of the developing South. The United States has already made it unequivocally clear to Russia that its joining the new organization and, hence, access to advanced technologies, will be problematic. This means that as early

as the next few months, when a decision of admitting Moscow to the new organization can no longer be delayed, Russia will have to face a painful choice.

Another subject to be raised in Halifax — what assistance the industrially developed countries should give the countries whose economies are in transition — has a direct bearing on Russia. With one week to go before the G-7 meeting, the U.S. Congress, where the Republican majority is calling the shots, voted to slash aid to Russia, which was included in the same list with China and North Korea. President Bill Clinton called this move "Congress' most isolationist decision in the past 50 years" and threatened to veto it. Nonetheless, his administration finds it increasingly more difficult to contain the Republicans, who hold a very skeptical view of Russia.

The fact that many problems in relations between Russia and the West have come to a head on the eve of Halifax is in a way symbolic. We are paying for the emotional, mostly improvised foreign policy of the past few years with its kaleidoscopic change of partners. Having just broken free from the West's embrace, it would be extremely rash to rush toward the "pariahs" of world politics — out of revenge for our unfulfilled expectations — for both the former and the latter can strangle us in their embrace. This is probably the most important thing that Russian leaders should discern from the height of Halifax, unless, of course, they feel dizzy from climbing.

Interior Ministers' Conference Opens in Tbilisi

*LD1406102695 Moscow ITAR-TASS in English
0811 GMT 14 Jun 95*

[By Tengiz Pachkoria]

[FBIS Transcribed Text] TBILISI, June 14 (ITAR-TASS) — A conference of interior ministers from the 12 countries of the Commonwealth of Independent States opened in the Georgian capital Tbilisi on Wednesday. The Russian delegation is led by Interior Minister Viktor Yerin.

The forum is also attended by the Latvian and Estonian interior ministers as observers.

The three-day conference will examine cooperation in the struggle against organized crime, drug trafficking, protection of railways and safety of cargoes as well as other cooperation issues.

The interior ministers of the Commonwealth as well as of Latvia and Estonia laid wreaths at the monument to the Unknown Soldier in Tbilisi before the start of the meeting.

Georgian leader Eduard Shevardnadze will meet conference participants this evening.

CIS Transport Policy Reviewed at Conference**Conference Opens in Minsk**

*LD1306224595 Moscow ITAR-TASS in English
1933 GMT 13 Jun 95*

[By BELINFORM correspondent Larisa Klyuchnikova]

[FBIS Transcribed Text] MINSK, June 13 (ITAR-TASS) — The CIS Coordinating Transport Conference (CTC) that opened in the CIS headquarters in Minsk on Tuesday will discuss and approve the plan of implementation of coordinated transport policy of CIS member states until the year 2000.

Greeting the conference, Belarusian President Aleksandr Lukashenka pointed to the significance of transport in preservation and development of inter-state economic ties in the new conditions.

He said, at the same time, that the agreement on the principles and conditions in transport in the CIS has not yet gained full strength three and a half years after its signature.

He noted in this connection that an important role belongs to CTC in implementing such basic directions as a single tariff policy, the normative-legal basis of functioning of transport in the Commonwealth, development of its technical policy.

The conference participants made a high appraisal of the efforts of Russian and Belarusian presidents in lifting customs barriers between the two countries, which, in their opinion, will undoubtedly stimulate better work of transport.

All Commonwealth member states are represented at the conference session.

Lukashenka Addresses CIS Ministers

*LD1306213295 Moscow INTERFAX in English
1728 GMT 13 Jun 95*

[From the "Presidential Bulletin" feature: Compiled by Nikolay Zharebtsov, Andrey Petrovskiy, Edited by Vladimir Shishlin]

[FBIS Transcribed Text] The pace of the economic and political reform might be slowed down if the parliament does not urgently draft and adopt a whole bunch of laws, Alyaksandr Lukashenka told the CIS transportation ministers in Minsk on Tuesday [13 June].

"The ideas standing behind these draft laws cannot be implemented by presidential decrees," he went on to say. He noted, at the same time, that the executive authorities cannot adjust the republic's legislation.

"As the head of state, I need a parliament," said Lukashenka. In his opinion, the legislative crisis, in the absence of legislative authority, could only be overcome if the old parliament adopted a provision which cuts down the quorum for adopting laws from two thirds to two fifths of the number of deputies. So, the 119 deputies already elected to the new parliament might become full-fledged legislators, said Lukashenka.

Asked what the president would do if the emergency parliamentary session scheduled for Wednesday rejected his initiative, Lukashenka told INTERFAX that he would "take an independent decision." He did not say, however, which particular decision he would take. IF Note: In accordance with the Belarusian constitution, the old parliament's five-year term expired in March 1995. However, only 119 deputies were elected to the new parliament during the first two rounds of elections last May. Meanwhile, the law on the parliament says that the parliament shall be considered legitimate only if two thirds of the deputies (174) have been elected. There are a total of 260 seats in the Belarusian parliament.

President Lukashenka has a big stake in having a working parliament, Deputy Chief of the president's Staff Mikhail Sazonov told a press conference in Minsk on Tuesday.

"It is important for the president that either the old parliament or the new one works," said Sazonov. He

also announced that Lukashenka was ready to address the old and new parliaments' deputies during the emergency session.

He believes that despite foreign observers' assertions that the parliamentary elections in Belarus cannot be qualified as "democratic or free," they were held in complete accordance with the law. The Prosecutor-General's Office is investigating all violations revealed during the election campaign. Some of the candidates will be faced with administrative sanctions for violating the presidential decree on the candidates' equal opportunities.

Belarusian parliament chairman Mechyslaw Hryb said there are three ways of overcoming the parliamentary crisis.

He told the deputies of the old and new parliaments on Monday that the law on the parliament should be amended and that a parliament be considered legitimate if 50% of the deputies (130) have been elected. He therefore proposed that the Central Electoral Commission hold new elections on October 4, 1994.

The second way out of the crisis might be the creation of laws that would allow the old parliament to continue work, and lower the quorum from two thirds to two fifths of the deputies' corps.

The self-disbandment of the old parliament might be a third way out of the crisis.

Asked by INTERFAX what the parliament presidium would do if none of the ideas received the support of two thirds of the old parliament's deputies, Hryb said that "the deputies will most likely go on recess and, in the middle of August, one more attempt will be made to gather the old parliament."

The newly elected deputies should continue to do their main work, although their presence at the emergency session, without the right to vote, is not ruled out, he said.

Russian Representatives From Baltics Meet

*WS1206122795 Tallinn BNS in English
1506 GMT 10 Jun 95*

[FBIS Transcribed Text] Moscow, Jun 10, BNS — Leaders of Russian organizations of the Baltics were in Moscow on Friday to draft plans for a new body combining representatives of Russians living in the former Soviet Union.

To be set up under a name which translates as Council of Compatriots, the new organization has not defined its aims so far. Its formation is sponsored by the Russian Duma (lower house) committee for CIS affairs.

Nikolai Maspanov, member of the Estonian parliament, said the Council of Compatriots will identify its goals at a foundation congress, due in mid-July.

The group of Estonian representatives for Friday's meeting was a motley combination of local Russian activists ranging from Maspanov, Estonian citizen and MP, to Yuri Mishin, leader of the outspokenly pro-Russian Narva Union of Russian Citizens.

Maspanov in his remarks to BNS said that despite differences in political views, Russians living outside the Russian Federation had many common interests. He mentioned Russian-language education, residence permit and citizenship application procedures as only a few which Russian-speakers in Estonia saw as problems needing to be resolved.

He said 310 representatives from countries that used to be part of the former Soviet Union were to convene for the congress this summer. Among them will be 15 from Estonia, to be picked at a conference of the country's Russian organizations.

Maspanov, who heads the coordination council of organizations of Estonia's Russian-speakers, said he expected to call the conference before June 21.

The Council of Compatriots, being formed with support from the Russian State Duma, is the third body — existing or in formation stages — to combine Russian activists living in the former Soviet republics. A Congress of Compatriots, headed by Dmitriy Rogozhin, is already active in Moscow, while another, called International Union of Compatriots, is under formation, with the main initiative in its case coming from President Yeltsin's administration.

Russia, CIS Presentation at Air Show Described

*MM1406133595 Moscow Russian Public Television
First Channel Network in Russian
1700 GMT 10 Jun 95*

[From the "Vremya" newscast: Video report from Le Bourget by Mikhail Volchkov, identified by caption]

[FBIS Translated Text] [Announcer to camera] The 41st International Air Show opened in the Paris suburb of Le Bourget today.

[Volchkov over video of air show] This year Russian aerospace technology is represented at this most prestigious air show by a joint exhibit called "Russian and CIS Aerospace Output."

Following the disintegration of the USSR, its aircraft producers' efforts to conquer the world market separately had backfired. Now designers, producers, and sell-

ers of aerospace equipment in Russia and the CIS countries have realized that cooperation is vitally necessary.

Russia is showing 20 aircraft, some of them unequaled in the world. Our Tu-160 strategic bomber deserves special attention. It could prove a real sensation at Le Bourget.

Western exhibits are more varied than before. The United States, for example, which had not shown its latest models at Le Bourget since 1993, is showing its B-2 Stealth bomber, which has not been shown outside the United States before. The U.S. Rockwell Corporation and the West (as heard) German Daimler Benz Aerospace will be presenting the experimental fighter of the future — X31-A. And the new Boeing 777 passenger airliner will be competition for the European producers of civil aircraft. Many of its specifications are better than those of the [Airbus] A330 and A340 airliners.

Le Bourget 1995 — the unquestionable leader among the world's prestigious international air shows — is showing the output of more than 1,500 companies from 41 countries. Against this backdrop, the joint exhibit of Russia and the CIS countries looks quite respectable. [video shows air show footage including Tu-160 and Stealth bomber]

ITAR-TASS Carries Press Review for 14 Jun
LD1406065595 Moscow ITAR-TASS in English
0508 GMT 14 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW June 14 ITAR-TASS — Some Russian newspapers give substantial space to the talks on the Black Sea Fleet between Russia and Ukraine. Turning to prospects of talks, the IZVESTIYA newspaper notes that "the legal status of Russian troops in Ukraine will be likely defined, proceeding from world experience and practices".

According to the newspaper's forecasts, "financial aspects of using military facilities by Russia will become a subject of coming talks". The editorial in the army newspaper KRASNAYA ZVEZDA, dealing with preparations for the celebration of the 300th anniversary of the Russian navy in 1966, concentrates on problems of the fleet.

The situation in Chechnya remains among the main topics in today's issue of KRASNAYA ZVEZDA. The daily carries reports from mountainous areas of combat operations. Ivan Chizh, chief of the Main Medical Department of the Russian Defence Ministry, describes organisation of medical services in the area of combat operations in an interview with the newspaper.

In an exclusive interview with the TRUD newspaper, Major-General Aleksandr Dementyev, deputy chief of the Main Organised Crime Control Department, sums up the results of the Interior Ministry's activities in fulfilling the Russian president's decree on urgent measures to protect population from gangsterism. The decree was signed by the president one year ago.

According to Dementyev, 38,046 crimes, including 1,326 premeditated murders, were exposed by early May.

IZVESTIYA returns to the arrest (made by the American FBI) of Russian-American "godfather" Ivankov nicknamed "Yaponchik" (Japanese). The daily writes that "the FBI promises to arrest another 300 Russian mobsters".

The FBI nabbed (simultaneously with Ivankov) another five members of his crime family. According to the newspaper, this is the most successful example of cooperation between the Russian Interior Ministry and the FBI.

The RABOCHAYA TRIBUNA newspaper devotes its special issue to questions of fisheries. The daily carries a decision by the Russian government, approving the Regulations of the Russian Committee on Fisheries.

Chairman of the above committee Vladimir Korelskiy said in an exclusive interview with the newspaper that "the industry was privatised by 70 percent". According to the committee chairman, "over 20 ships belonging to new fishermen of luck are rusting at foreign ports".

Korelskiy expressed special concern over infiltration of the fishing fleet by selfish non-professionals.

"We returned more than 14,000 billion roubles to the country over one year," said Anatoliy Kruglov, chairman of the Russian Customs Committee, in an exclusive interview with the KOMSOMOLSKAYA PRAVDA newspaper.

According to Kruglov, "payment for customs formalities is the main source of income" (of the committee). In 1994, the committee's extra-budgetary fund totalled 920 billion roubles.

KOMSOMOLSKAYA PRAVDA carries an interview with Colonel-General Marcus Wolf, former intelligence chief of the former German Democratic Republic. "The genius of espionage" and "super-agent of the 20th century" now lives in Berlin "without documents and is obliged to register with police every week".

KRASNAYA ZVEZDA continues to print materials on ways of conducting military reform in Russia. A representative from the Russian General Staff expresses

his ideas in the daily about what is necessary for the Russian Armed Forces "to conform to the status of a great power".

A fire-prone situation persists in the Moscow region due to unusually hot weather, TRUD reports. According to the daily, 183 fires flared up by June 13. This is more than over the entire year of 1994. Peat bogs are burning.

U.S. Congress Freeze on Aid to Russia Viewed*LD1406141395 Moscow ITAR-TASS in English
1402 GMT 14 Jun 95*

[By Igor Borisenko]

[FBIS Transcribed Text] WASHINGTON, June 14 (ITAR-TASS) — The House of Representatives of the U.S. Congress decided Tuesday to freeze the allocations to help Russia, Belarus, Kazakhstan, and Ukraine dismantle their nuclear weapons. Two hundred and forty-four American law-makers voted to amend the bill on allocations for concrete military programmes, while 180 opposed the motion. The amendment stipulates that all the money allocated in accordance with the so-called Nunn-Lugar programme will remain frozen as long as Russia continues its research into biological weapons. Republican Congressman from California Robert Dornen, author of the amendment, stressed that work on the development of biological weapons "is a grave threat to the security of the United States". "We are not canceling the allocations for this programme, we are simply suspending them," he added.

These accusations against Russia are most unconvincing. But this is not the only point. It is worth noting that in adopting a decision to freeze the programme of aid to the CIS countries the House of Representatives has ignored the 1972 International U.N. Convention on Biological Weapons, which was joined by the United States. This convention fixes the procedure for investigating accusations linked with the violation of the ban on biological weapons. They must be submitted to the U.N. Security Council and backed by all the available proofs and evidence. As a matter of fact, the ban on biological weapons envisages nevertheless the production of a limited quantity of virulent needed to manufacture medicines against epidemic diseases. [sentence as received]

One can argue about the expediency of individual provisions of the existing international agreements on biological weapons and about the effectiveness of measures to control the ban imposed on these means of mass destruction. However, the United States has still not denounced the treaty on biological weapons and has not advanced any concrete proposals to perfect it.

The decision adopted by the House of Representatives of the U.S. Congress to freeze aid to the CIS nations obviously contradicts the accepted norms of international law and does not contribute at all to the consolidation of the bacteriological weapons ban.

FSB Officer on 'Exaggeration' of Ames' Value*LD1306181395 Moscow ITAR-TASS in English
1734 GMT 13 Jun 95*

[By Olga Semenova]

[FBIS Transcribed Text] MOSCOW, June 13 (ITAR-TASS) — The first official contacts with the KGB were established by U.S. special services on their own initiative in 1991 to mark "the end of the cold war and the end of confrontation between special services".

Ever since, the intelligence and counterintelligence services of the two countries have developed partnership relations in the interests of combating illegal arms trade, drug trafficking, sales of fissile materials, international terrorism, financial machinations, and organised crime.

Against this favourable background and positive interaction, one cannot overlook the stage-managed espionage hysteria in the United States against Russia, according to a high-ranking officer of the Federal Security Service (FSB) of the Russian Federation.

This statement was commented upon by the former leader of a counterintelligence department in charge of combating American secret agents on Russian territory, Col. Yuriy Volkov.

"The CIA and the FBI have not renounced the practice of recruiting Russian citizens both in the United States and abroad, that is in Russia and in third countries," he stressed.

As compared to the intelligence services of other countries, the CIA has the largest number of resident agents in Russia, according to the counterintelligence officer with a 25-year service record. The same applies to the office of the U.S. Department's intelligence arm whose people work as military attaches and officers of some other departments of the U.S. Embassy in Moscow.

According to Volkov, their main aim is to undermine the Russian security service by discrediting them and "strangling" them financially with the help of Russian parliamentarians. Volkov said one example of these efforts was the exaggeration of Aldrich Ames' contribution to the successes of the Russian counterintelligence service. According to the American mass media, if they are to be believed, all CIA agents exposed in the former Soviet Union in the eighties had been "sold off" by Ames.

The Russian counterintelligence officer said the exaggeration was nothing other than upward distortion of results achieved. According to him, Ames had nothing

to do with the exposure in 1986 of former GRU General Polyakov (of the army intelligence service) who had evoked the suspicions of the counterintelligence service in the course of his trips abroad.

Volkov said CIA agents in Moscow and their contacts often unwittingly "helped" the Russian counterintelligence service by being negligent and making miscalculations. This was the case with KGB officer Polishchuyuk recruited by Americans. When leaving a wad of dollars in a cache for the mole, the CIA contact failed to notice that he was being tailed. It only remained to keep an eye on a cache and apprehend the person who came to collect the goods.

While the United States increase its spending on secret agents from year to year as reported also by the foreign press, the CIA is doing all it can to stifle the Russian security agencies financially. This was revealed by Ames in an interview with the French periodical "Nouvel Observateur". The operation he described in detail was mounted after the botched coup in August 1991, when the KGB was particularly vulnerable, according to the American. The operation aimed at making sure that the Russian parliament liquidate the Russian special services or at least cut their budget by 90 percent.

However, despite those and many other CIA efforts, the Russian secret service went through numerous structural changes, merges and splits without losing its efficiency. Volkov stressed in this context that the counterintelligence service of the Russian Federation exposed more than 20 agents of foreign special services, including American, in 1994 alone.

St. Petersburg FSB Reportedly Outwits CIA

LD1306202795 Moscow Russian Public Television
First Channel Network in Russian
1700 GMT 13 Jun 95

[From the "Vremya" newscast]

[FBIS Translated Text] Staffers of the Federal Security Service [FSB] have successfully completed an operation in St. Petersburg.

This simple story began in the then Leningrad several years ago, and it featured a Leningrad engineer, let us call him Sidorov. He worked at a defense factory that used to get orders from the Russian Navy. Wishing to profit by his access to state secrets, Sidorov got in touch with diplomats from the U.S. Consulate General in St. Petersburg. The young man, who had received from his CIA friends instructions and means of coding and cryptography enclosed in these fake cobble-stones [video shows cobble-stones displayed on a desk], was asked to

inform his partners overseas about the structures, materials, and equipment of Russian submarines, something Sidorov has been doing periodically for the last few years, with the assistance of St. Petersburg counterintelligence officers, though. Starting with the very first report, all of the reports received by the CIA from their dear friend from the Neva banks were pure disinformation.

[Begin Ye. Lukin, head of the St. Petersburg directorate of the Federal Security Service, recording] As a result of this operation, we have been able to successfully control one of the spy channels for several years and to successfully misinform U.S. intelligence in the technological sphere. Also, over this period our science has been able to work in peace. [end recording]

Well, and what about Sidorov, you may ask? He is all right. He has changed his name to Ivanov, has married, works in his profession and tries to forget the day when he was only a step away from the abyss.

Gangster's Arrest Said Success for FBI Links

MM1406083195 Moscow IZVESTIYA in Russian
14 Jun 95 p 7

[Report by Vladimir Nadein: "FBI Promises To Arrest Another 300 Russian Gangsters"]

[FBIS Translated Text] Washington — The renowned mobster Vyacheslav Ivankov was captured with his mistress in his underwear (see IZVESTIYA No. 106). There were and could be no bandit tricks like shoot-outs or knife fights.

In America Ivankov observed the laws impeccably — needless to say, in his own way. He himself did no killing, torturing, or extortion — that was all handled by his henchmen. Whether because of his poor general education or the naive Soviet notion that the United States impeccably observes the rule that "if you are not caught, you are not a thief," he felt unencumbered, he enjoyed the sweet life, and made no secret of where he lived. At any rate many people, the police included, knew him in Brighton Beach, the "little Odessa" occupied by our immigrants south of New York.

Five members of Ivankov's gang were arrested with him and the sixth is still on the run. Russia has been asked to arrest another two "Ivankov men." The entire operation was conducted by the FBI. This is possibly the biggest real success achieved via cooperation between the Russian Ministry of Internal Affairs [MVD] and the FBI. The Royal Canadian Mounted Police (that is the name of Canada's main special service) also took part

in the investigation, because Ivankov directed a network of criminal gangs throughout North America.

Vyacheslav Kirillovich Ivankov, 55 years old and nicknamed the Jap or Slava the Jap, thought in late 1991 that it would be better for him to direct his gang's activity from America. Furthermore, the FBI believes that he was under instructions from a group of Russian gang bosses to gather together and win control of gangster groups among immigrants from the former Soviet Union.

The Russian MVD promptly informed the FBI that Ivankov was in America, although the circumstances whereby he obtained a foreign passport remain unclear. The FBI knew with whom they were dealing and were in no hurry to deport him from the United States, even though this could have been done formally in a matter of minutes: Ivankov had given false information about himself in his entry declaration, hiding his convictions, and that is quite sufficient grounds to resolve the issue of his residence here rapidly and resolutely.

However, the FBI allowed Ivankov to travel around America and Canada, keeping him under surveillance in order to obtain information about other criminal groups. Right now it is hard to judge how big the FBI's haul is. "This is the most important arrest of people linked with the growing activity of Russian organized crime," James Kallstrom, deputy head of the FBI's New York office, said at a news conference. "This is no major strike from the viewpoint of common crime. We have still to arrest 300 of these people whom we have already located, and we have yet to seize their property. But a 16-inch heavy shell has now hit them broadside. We have clearly told them that this kind of thing does not go on here, that we have no intention of ignoring them, and that they will not be able — will be simply unable — to buy their way out of trouble as they once did in Russia."

It is still not clear whether Ivankov will be handed over to Russia or will stand trial in the United States. The law allows for both scenarios; however, an investigation and trial will most likely take place in America — with the active participation of Russia's law-enforcement organs.

Cooperation from Russian citizens will be particularly important on two counts at least: First, the FBI is having natural difficulties in deciphering the bandits' means of communication. For instance, the telephone conversations recorded by the FBI contain a wealth of criminal jargon. Second, Ivankov's criminal activity was conceived and planned in America, but the most terrible events occurred in Russia.

The immediate charge against Slava the Jap and his henchmen will be demanding money with menaces from

two businessmen of Russian extraction — Aleksandr Volkov and Vladimir Voloshin. They are the main co-owners of the Summit International investment consultancy, located in downtown New York opposite City Hall. Between November 1994 and last month Ivankov and his henchmen demanded first \$5 million and then another \$3.5 million.

The "big fish from Solntsevo" operated as aggressively in New York as at home. They threatened to kill Voloshin's father, who was living in Moscow. They received no money, and soon Voloshin's father was beaten up at a train station and died from his injuries.

This May both businessmen were lured by threats to a restaurant where they signed an IOU (Ivankov did not figure in it, of course: It was all done using dummies) for \$3.5 million. The FBI did not say whether the criminals were in fact paid this money.

Although Ivankov's main apartment was in Brighton Beach, he also has an apartment in Denver. On his travels around the country he met people suspected of organized crime living in Miami, Los Angeles, Boston, New Jersey, and Toronto, Canada.

Right now we do not know of a single case of the Russian mafia's managing to bribe or recruit either FBI personnel or indeed ordinary cops. An FBI spokesman refused to say whether Ivankov would manage to avoid lawful punishment if he is handed over to Russian law-enforcement organs.

Diplomat: Contact Group Plan 'Has No Chance'

LD1306183195 Moscow INTERFAX in English
1709 GMT 13 Jun 95

[From the "Diplomatic Panorama" feature: by our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] MOSCOW, June 13 (INTERFAX) — Bosnian Serbs have supported the Contact Group's plan "on neither stage" and in fact "has no chance to succeed," a high-ranking Russian diplomat accredited in Zagreb told INTERFAX Tuesday.

According to the source, the situation in former Yugoslavia now is "better than in 1991-1992, but worse than last year."

The diplomat said there were "few chances" to solve the issue by mutual recognition of the former Yugoslav republics in exchange for lifting sanctions against Belgrade.

"However, the comprehensive settlement of the Yugoslavia crisis in any case implies the mutual recognition of all those republics," he emphasized. This option

means an end to the mutual hostility rather than he return to strict political unions, he added.

According to the diplomat, Serb President Slobodan Milosevic will recognize the other republics only in exchange for lifting the international sanctions from Yugoslavia. "It would be wrong and unconstructive only to demand Milosevic make steps towards the world community never giving him anything in exchange," he noted.

The diplomat said "without Belgrade none of the Yugoslavia-related issues can be solved."

"Undoubtedly, Milosevic is the strongest and authoritative figure in the Serb national corps. When speaking of the Serb president's crucial part, his peacekeeping potential is referred to first of all," he remarked.

"However, there is another aspect conferring special responsibility on Belgrade: virtually all arms Bosnian Serbs fight with were inherited from the former Yugoslav army. These arms in Bosnia will last for about ten more years," he said.

The diplomat hoped that the appointment of former Swedish Prime Minister Carl Bildt as co-chairman of the international conference on former Yugoslavia instead of Lord Owen "will give a new impetus to the mediating efforts of this body."

In any case, Russia "supports any steps designed to find a peace solution to the conflict in all of the former Yugoslavia," he added.

Commenting on the situation in Croatia, the source blamed Zagreb for breaching the March 29 ceasefire agreement.

In his opinion, one of the reasons for the Croatian government to resume military operations against the self-proclaimed republic Serb Krajina (predominantly Serb-populated part of Croatia) was that "the hopes for Bosnian Serb leader Radovan Karadzic to support Krajina Serbs proved unjustified."

At the same time, the diplomat disagreed with some media's speculations that Milosevic had "betrayed" his brothers from Serb Krajina. "This is improbable. Milosevic has no reasons to act like that. Moreover, nothing forced him to such a step," he noted.

According to the diplomat, local military operations continued on the border between Serb Krajina and Bosnia.

"The Croatian government made itself a springboard for the future large-scale military operation if political settlement between Zagreb and Knin is finally in a deadlock. In any case, the current Croatian leaders'

statements are evidence of their intention to restore control of the whole territory of the republic," he said.

According to the diplomat, "an outburst of hostilities in Croatia should not be expected until October 31 when the U.N. forces' mandate in the republic will expire."

"...Of course, if the two sides have enough common sense to refrain from adventures like shelling Zagreb and other coastal cities with missiles," he added.

The diplomat said he seriously doubted the possibility of extending the U.N. peacekeepers' mandate in Croatia after October 31.

"Zagreb's tactics of half-promises and unfulfillment of their obligations until the end extremely complicates the political process and the U.N. civilian and military personnel's efforts," he said.

"The fact that Zagreb resumed military operations nears the resolution of the territorial integrity issue, but leaves open that of creating normal living conditions for Serbs," he remarked.

"Now the situation of Serbs amounting to 12% of Croatia's population is in fact unfavorable. Serb officials referring to the fact have all reasons to say that," the diplomat said.

Bildt on Moscow's Role in Bosnian Crisis

LD1406090995 Moscow *ITAR-TASS in English*
0712 GMT 14 Jun 95

[By Konstantin Pribytkov]

[FBIS Transcribed Text] GENEVA June 14 (ITAR-TASS) — Carl Bildt, co-chairman of the Coordinating Committee of the Conference for former Yugoslavia and ex-prime minister of Sweden, pointed to Russia's constructive role in a peaceful settlement in Bosnia and Herzegovina, speaking at a press conference here on Tuesday. Responding to a question of ITAR-TASS at his first meeting with journalists after assuming his new post, Bildt described as important and constructive the role of Moscow in the efforts of the contact group, aimed at finding a solution to Bosnia's tragedy.

Bildt, who replaced the British diplomat Lord Owen on the post of mediator from the European Union, made it clear that he favoured close coordination of actions between the Geneva Conference and the contact group, which is made up of representatives of Russia, the United States, Britain, Germany and France. As a representative of the European Union, he is going to promote both diplomatic steps in the quest for peace and efforts, aimed at rebuilding the economy of the countries of the crisis region, which was destroyed by the war.

Carl Bildt and his colleague — U.N. mediator Thorvald Stoltenberg from Norway, told journalists that they planned to meet soon the presidents of Serbia and Croatia. Talks with Serb leader Slobodan Milosevic are planned to be held next week.

Gromov Interviewed; Rejects NATO Expansion

AU1206200495 Berlin DIE WELT in German
12 Jun 95 p 5

[Interview with Deputy Foreign Minister Boris Gromov by Mathias Brueggmann; place and date not given: "Moscow Has Not Learnt Lesson From Afghanistan"]

[FBIS Translated Excerpt] [Brueggmann] Russia has so far strictly rejected NATO's eastward expansion. Forever?

[Gromov] The NATO countries must keep in mind what they once signed. In the past they started from the assumption that they would not expand their bloc. Now they must keep their word. An expansion of the NATO bloc will have absolutely no positive effect for Russia.

[Brueggmann] Why not?

[Gromov] Because it is a break with all treaties and inconsistent with the Helsinki Agreement. The world has significantly changed after the disintegration of the Warsaw Treaty and the Soviet Union. NATO expansion would lead to substantial changes of the European configuration and the borders.

[Brueggmann] What are Russia's fear of a larger NATO?

[Gromov] Russia does not have any fears, Russia is not the country that would have to — that has always been like that. All that Russia says is that NATO expansion will lead to the liquidation of existing treaties. If NATO is not afraid of it, then I do not know what else I could say. Staffers of the German foreign minister and the U.S. ambassador have asked me questions in this connection. They all wanted to know why Russia is against it. My usual question is: Why are you for it? Tell me one positive argument for Russia. This is when they always remain quiet.

What is more, the countries — I do not want to mention them — that are so anxious to join NATO have some kind of complex. A complex of fear. They say that they are afraid of Russia, afraid to get into our clutches again. Such complexes should have been overcome a long time ago. After all, we are now living in a completely different time! In Russia understanding has completely changed, while they are still sticking to that old bloc thinking.

[Brueggmann] But don't you understand the fears of the East Europeans and the Balts after Foreign Minister Andrey Kozyrev said that Russia was ready to use all means — including military ones — to protect the Russians who live there?

[Gromov] We are adults, aren't we?, and we are intelligent and will not use the same statements others have made about us or who are now looking for the guilty party in the Yugoslavia conflict or in the Abkhaz-Georgian conflict. After all, looking for someone to blame while the conflict goes on and the blood of innocent people is shed will not be any good. This also applies to the Kozyrev statement. After all, were such statements not also made by the other side before?

[Brueggmann] The Balts have not threatened Russia with the use of military force.

[Gromov] The Balts, in particular, have made such statements about the protection of their peoples; what they are planning to do to the Russians that still live there, that they should be expelled, that they do not have the right to live in the Baltics. Did anyone force them to say such things? To threaten the Russians living there, not to grant them citizenship, not even grant them a minimum standard of rights? Excuse me, but how should we understand such things?

[Brueggmann] And what about the Poles or Czechs that only see protection for themselves if they are NATO members?

[Gromov] Are they still saying anything else but that they are afraid of Russia? It would be necessary for NATO to transform into a political alliance and not remain a military alliance. If the intelligent and venerable NATO leaders to not listen to the new Russia, in which the armed forces have changed, too, but continue to ignore it, then this will not lead us anywhere.

Looking for the Party To Blame Will Not Lead Us Anywhere

[Brueggmann] Would Russia be ready to accept NATO's eastward expansion if the door to membership were to be opened for your country?

[Gromov] I can only give you my personal opinion on this issue. There is absolutely no need for NATO expansion. And Russia should not support it under any circumstances.

[Brueggmann] And what about Partnership for Peace?

[Gromov] Partnership is something completely different, and is absolutely necessary. Even though the current partnership program can only be used as a basis

because it includes several points that absolutely do not serve Russia's needs.

[Brueggmann] Another problem is the war in the Balkans. How does Russia conceive of a solution?

[Gromov] There will never be a settlement through the use of force, through the use of an ax. It requires peaceful political means. Right at the beginning of the crisis I said during my visit to Yugoslavia: If people there were to try to look for the guilty party it will not lead them anywhere. Unfortunately, people continue to this day to look for the guilty party — the Serbs, the Muslims, the Croats. People have to sit down at the negotiating table and find a solution that is acceptable to everyone.

[Brueggmann] People have discussed the problem for many years. What can Russia do now?

[Gromov] Why Russia, of all countries? Russia should not have a special status, and neither should any other, including NATO. Everyone should act in strict compliance with the UN mandate. If someone goes beyond the mandate or supports the interests of one of the parties to the conflict or the other, then the conflict will further escalate. I am neither defending the Serbs nor the Croats or Bosniaks, but I have the impression that something is wrong when an ultimatum is extended against both sides, and bombs are then dropped only on the one side, the Serbs. I know from my own experience in Afghanistan — even though at a smaller scale — that the flames will go even higher if, in trying to settle the conflict between rival clans, one does something for one side that disadvantages the other. I have the impression that the only effect of the air strikes and the embargo will be that people continue to look for the guilty party. If one helps the Croats and Bosniaks through air strikes people suggest that they think that the Serbs are to blame, and will provoke even fiercer reaction from them. This will ultimately only step up hatred among the various sides.

The Point Is the Rebirth of Patriotism

[Brueggmann] People are now discussing whether to withdraw the UN blue-helmets from the Balkans....

[Gromov] This must be avoided under all circumstances! The troops must stay there. Otherwise, one will lose the only controlling factor that still contributes to moderation. I think that one must not carry out any military strikes there. No decisions can be achieved through the use of force. This has been proven by history. Any conflict, whether in Yugoslavia, the Abkhaz-Georgian, or the Chechen conflict, which is absolutely crazy by all human criteria, can be solved through the use of force. Even if this force were to be used by the highest organ-

ization — and even if there were general consensus that this was the right step — it could not achieve anything.

[Brueggmann] You have founded an Afghanistan veterans' association. Can we interpret that as your entering the Russian electoral campaign, your attempt to win a leading political office?

[Gromov] I planned the founding of the association half a year ago when nobody was talking about the elections yet. Nine major individual associations of Afghanistan, Egypt, and Cuba veterans have joined mainly to solve the social problems of these people. The second main task is the rebirth of a major, honest patriotism in Russia. It is a social organization, the founding of which has nothing to do with the elections.

[Brueggmann] Will there be an army candidate for the presidential elections, for example yourself or General Lebed?

[Gromov] It is still too early to talk about the presidential elections.

[Brueggmann] Are you going to run for or support a certain party?

[Gromov] I will not support any party or movement.

[Brueggmann] Do you see the chance for a change, at all?

[Gromov] In my opinion, the next elections will bring very strong political shocks. The "party of power" and the current president will try as hard as they can to stay in power and will use all means they have — the state budget, the press, exert pressure on candidates, imputations.... That is what Russian reality is like.

[Brueggmann] How do you assess the situation of the Russian Army after the humiliation of Chechnya?

[Gromov] Of course, the situation is not easy for the armed forces. Yet, they are in a position to fulfill their task. As a professional soldier I regard the situation as good as far as strategic missile units and the air force is concerned, not quite so good as far as the navy is concerned, and even a bit worse regarding the ground forces. Nevertheless, the army is altogether operational. The situation for the army is as difficult as that of society in general.

[Brueggmann] Yet, can one not draw the conclusion from the events in Chechnya that the Russian Army is hardly capable of combat?

[Gromov] One must not draw any conclusions from the situation in Chechnya regarding the state of the army as a whole, the stupid mistakes of the leadership, the sloppiness those great commanders showed there. Yet,

one must not apply that to the entire armed forces. What is going on there is only happening because people have gotten out of their minds. Still, apart from the current army leadership there are many able commanders that know their military trade, but have left the army in Chechnya instead of digging up the dirt there. The would not have tolerated a situation as the one we can see there now. Chechnya is a monument to the lack of professionalism and sloppiness in the worst sense. I was categorically against that adventure in Chechnya.

[Brueggmann] How much longer will the army still play the game in Chechnya?

[Gromov] The top officials in the Defense Ministry who gave the criminal order for the war in Chechnya must bear absolute responsibility. Despite the fact that the ministers of power (Grachev — defense; Stepashin — federal counterintelligence service; Yerin — interior; — the editors) spent a lot of time there, I cannot avoid the impression that the army is acting there without any exact plans. And the lack of qualified leaders has resulted in an enormous number of victims. The use of elite units from the far east and the extreme north prove that Grachev does not have any more people he could throw into this meat grinder. The large number of crimes that are committed there are the result of the completely uncontrolled way in which the recruits are acting there. I think that the war in Chechnya can be ended only after the election of a new Russian leadership.

[Brueggmann] Why has the current Russian leadership run into a military adventure again five years after the pullout from Afghanistan?

[Gromov] It did learn the lesson from Afghanistan. Now as then, it focuses on the use of force. The army must pull out immediately. It is not designed to act in such conflicts and not adequately trained. Moreover, if one takes into consideration that it is a war against our own people then one can only describe it as madness. The hostilities must be stopped immediately by those who started them and the troops must withdraw. Units of the Interior Ministry can stay there, of that ministry that should have tackled the problem from the very beginning. One must give the people there the opportunity to calm down now and one must support them financially. One must give the people the opportunity to elect their leaders — of course within the framework of the Russian Constitution. They must be able to elect whom they want and not whom Moscow sends there. And then one has to negotiate with them, also about what troops should continue to be stationed there. The Chechens have experienced so much in this century that it is high time to leave them alone.

Grachev Has Made Fundamental Mistakes

[Brueggmann] The Chechens have had a bloody experience with Russia — first with Stalin, and now with Yeltsin and Grachev

[Gromov] ...and if Grachev were to try to bring the war to a successful ending — which will never be possible — the Chechens would try even harder to secede from Russia. Yet, if one stops the war, supports the people financially to rebuild what has been destroyed, and pays compensation, if one does that, then nobody will want to leave Russia. Besides — nobody is waiting for them. Where should they go? To Georgia?

[Brueggmann] Abkhazia has also seceded from Georgia and become an independent republic.

[Gromov] What a republic! It only lives on Russian subsidies. Yet, that cannot go on forever.

[Brueggmann] How do you assess the current political situation in Russia, and Yeltsin's situation?

[Gromov] I do not want to comment on that.

[Brueggmann] Who do you think will win the next elections?

[Gromov] Not everybody has announced his candidacy yet. Of those who have, none will win. He who suddenly announces his candidature at a late date will win. Someone who is clean, not involved in corruption or in bloodshed — including in Chechnya or in October 1993 — he who has an open heart and advocates the cause of his people with heart and soul.

[Brueggmann] And who should that be?

[Gromov] I do not know yet, but there will be such a man.

[Brueggmann] Do you see a danger of a military coup in Russia?

[Gromov] There has never been a military coup in Russia. There were revolutions — 1991 and 1993. Russia can probably not live without them. The military in Russia are not as stupid as to commit such a great sin, a sin called a coup. The only way out I can see are elections, a replacement of the leadership. I hope that something will change.

[Brueggmann] Could you image a union with your old pal from the time of the Afghanistan war, who was later to become Russian vice president and putchist, Aleksandr Rutskoy?

[Gromov] His time is over.

[Brueggmann] You also know Defense Minister Pavel Grachev from Afghanistan. In 1992 you became one

of his deputies, but in March he removed you from his ministry and Yeltsin transferred you to Andrey Kozyrev's ministry as military adviser in the rank of deputy foreign minister. What is your assessment of Grachev today, what was your experience with him?

[Gromov] I assess his work from a purely professional point of view. In my opinion he has made fundamental mistakes as minister that will affect the country's defense capability for a long time.

[Brueggmann] Why did you have to go?

[Gromov] Severe differences of opinion emerged in the Defense Ministry on fundamental issues, regarding the use of the army in Chechnya, as well as the corruption at the highest command level of the armed forces, which can no longer be camouflaged, and which has led to numerous scandals after the withdrawal of the western group of forces from eastern Germany. The minister's policy of appointing people played a special role: In the last few years the minister has nominated into leading positions only family members or people that are selected according to their submissiveness toward Grachev. At the same time, the real professional people are leaving the army. [passage omitted on Afghanistan War]

Kozyrev, OSCE Commissioner Discuss Minority Rights

LD1306163095 Moscow ITAR-TASS in English
1541 GMT 13 Jun 95

[By Valeriy Sevryukov]

[FBIS Transcribed Text] MOSCOW June 13 (ITAR-TASS) — The Russian Foreign Ministry and the Organisation for Security and Co-operation in Europe (OSCE) checked their watches in the human rights area today.

Foreign Minister Andrey Kozyrev held a talk with OSCE Commissioner for National Minorities Max van der Stoel in the Foreign Ministry.

Kozyrev said the OSCE's human rights activities provided "one of the most optimal ways to resolve the urgent problems relating to national minorities and ethnic groups, including the Russians".

Kozyrev said the problem must be managed by "power of political will" of the OSCE, of which the commissioner is an impersonation.

Van der Stoel's work is "an alternative to conflicts and all other means for the resolution of such issues", Kozyrev said.

He said Russia and the OSCE must pursue concerted efforts in the human rights area.

The commissioner's visit to the Russian Foreign Ministry took place a few hours after a group of picketers had left Smolenskaya Square, the ministry's seat.

The picket, staged by the Officers' Union and the Union of Political Terror Victims, demanded that the Russian diplomacy recruit any channels to protect Russian-speakers in the CIS and the Baltic States.

Further on Kozyrev's Meeting

LD1306210395 Moscow ITAR-TASS in English
2035 GMT 13 Jun 95

[FBIS Transcribed Text] MOSCOW, June 14 (ITAR-TASS) - Russia's Foreign Minister Andrey Kozyrev met OSCE Supreme Commissioner for ethnic minorities affairs Max van der Stoel on Tuesday. The meeting centered around the situation with the Russian-speaking population of the Baltic countries.

Kozyrev underlined that despite the Supreme Commissioner's numerous trips to Estonia and the effort of the OSCE mission, the position of the Russian-speaking population does not improve there. The pressure on a considerable part of non-citizens continues — this is manifest in the laws on citizenship and language adopted earlier this year.

The situation in Latvia is slightly better, Kozyrev said. This Baltic state pursues a more constructive and restrained policy vis-a-vis our compatriots. The authorities also display a leveled approach to the problem of retired Russian military servicemen.

However, the policy aimed at creating a mono-ethnic state in Latvia is not being revised. Several dozens of considerable differences remain in the rights of citizens and non-citizens, the Russian Foreign Minister said.

The legislative basis in Lithuania is positively evaluated by the Russian side from the viewpoint of rights and freedoms. Yet, there are certain ambiguous aspects.

One of them is the intention of the Lithuanian migration authorities to refuse the issuance of a residence permit to four Russian citizens who have been convicted and served their sentence for participation in the January 1991 events.

The possible decision on their deportation will by all means have to be taken into account within the general context of Russian-Lithuanian relations, Kozyrev stressed.

The Crimean issue was touched upon during the meeting. The Russian minister pointed out that inspiring results are evident: the Rada proposed to Crimeans to consider the draft constitution of Crimea based on Ukraine's

law on delineation of authorities of June 25, 1992. The Crimean parliament cancelled its decision on holding a referendum on the autonomy's constitution on June 25.

At the same time, Kozyrev said that "we cannot remain indifferent to the destiny of the peninsula where most of the population are Russians and where Russia has considerable interests."

The need for giving to recommendations of the Supreme OSCE Commissioner a more mandatory status was emphasized during the conversation. At present, the Commissioner's mandate is oriented at its so-called "quiet," preventive diplomacy. At the same time, it is necessary to introduce obligatory accountability of states for implementing the Commissioner's recommendations.

Max van der Stoel spoke out in favour of continuation of a close dialogue and cooperation with Russia, for active use of all possibilities of the institute of the Supreme Commissioner for ethnic minorities affairs in the interests of strengthening security and stability in the OSCE region.

Kozyrev Terms Relations With Iran, Iraq 'Good'

*JN1406124395 London AL-WASAT in Arabic
12-18 Jun 94 p 24*

[Interview with Foreign Minister Andrey Kozyrev by an unidentified correspondent in London; date not given]

[FBIS Translated Text] [AL-WASAT] How true are the reports that Moscow, Tehran, and Baghdad are seeking to establish a trilateral alliance?

[Kozyrev] I do not believe that it's true to call the cooperation among Moscow, Tehran, and Baghdad an alliance. We are happy with the good relations we enjoy with the two countries. Our relations with Baghdad are old and our relations with Iran are improving in various fields. The presence of trade and industrial links and cooperation in economic and technical fields must not be viewed as a threat. Moreover, we have common borders and we are as eager not to interfere in the affairs of our neighbors as much as we are eager not to allow anybody to interfere in our affairs.

[AL-WASAT] Does the hint on establishing an alliance or close cooperation aim to warn Washington against the way it is dealing with the three countries?

[Kozyrev] Our ties with the United States are good. We agree with the Americans on several issues and we disagree with them on others. However, this does not mean we cannot start a dialogue and cooperate in the fields in which the two parties have an interest.

[AL-WASAT] How true are the reports that U.S. President Bill Clinton sought during his recent visit

to Moscow to halt cooperation between Moscow and Tehran in the field of nuclear power?

[Kozyrev] President Clinton expressed the concern that Iran may abuse what we give it in the framework of this relationship. We confirmed to him that we agreed to sell our reactors to Iran to generate electricity and not to produce nuclear weapons. Iran clearly stated that it is prepared to open its nuclear facilities for inspection. Here, I wish to state that the ultimate objective of our policy is to serve our interest and that of our partners.

[AL-WASAT] What about your relations with Baghdad?

[Kozyrev] Iraqi Deputy Prime Minister Tariq 'Aziz visited Moscow a few days ago and held talks during which we were informed of the steps Iraq had implemented as regards the UN resolutions. I believe that what has been achieved is an acceptable step. I believe the report which will be prepared by the UN inspectors and published in the near future will refer to these Iraqi steps. I also believe that the UN Security Council member states must, consequently, reconsider the economic sanctions imposed on Iraq.

[AL-WASAT] What about President Yeltsin's visit to Tehran?

[Kozyrev] President Yeltsin agreed to visit Tehran and we hope this visit will take place this year. However, no date has been set yet.

Kozyrev Meeting With Kyrgyz Official Detailed

*LD1306214895 Moscow ITAR-TASS World Service
in Russian 1436 GMT 13 Jun 95*

[By ITAR-TASS diplomatic correspondent Vladimir Sevryukov]

[FBIS Translated Text] Moscow, 13 Jun (ITAR-TASS) — The scattering of the legislative basis that is now being observed in the CIS countries is impeding the development of mutual trade relations and investments. This opinion was expressed today by Russian Foreign Minister Andrey Kozyrev at a meeting with Almambet Matubraimov, chairman of the Assembly of People's Representatives of the Kyrgyz Supreme Council.

If Kyrgyzstan does not support the development of interparliamentary links, this will make the path to the implementation of the integration processes, which we have planned, more difficult, Andrey Kozyrev stressed. He said that one can speak about a single economic space and lifting customs barriers, but in a number of cases this to a great extent depends on legislators.

The head of the Russian Foreign Ministry noted that Russia is looking hopefully toward Kyrgyzstan, with

whom it is linked by relations of partnership, which have deep historic significance at a strategic level. "We need both political support for the processes of rapprochement, which have taken shape and are now developing," he said, "and practical assistance in perfecting the legislative basis."

For his part, Alimbet Matubraimov stated with regret that after the disintegration of the USSR, parliamentary relations between the former Union republics have virtually collapsed. "That's why," he stressed, "we see our first and foremost task in establishing interparliamentary cooperation, in bringing closer legal and normative acts for the purpose of attaining a common normative basis, which would be acceptable to all the CIS member-states."

Medvedev Denounces French Nuclear Test Resumption

LD1406103095 Moscow ITAR-TASS World Service
in Russian 0828 GMT 14 Jun 95

[By ITAR-TASS correspondent Andrey Serov]

[FBIS Translated Text] Moscow, 14 Jun — A resumption of French nuclear testing could affect the atmosphere of coming talks on halting the production of fissile material for military purposes, Sergey Medvedev, press secretary to the Russian president, told an ITAR-TASS correspondent today, commenting on France's intention, announced on Tuesday [13 June], to start a series of nuclear tests in September next year.

"We are not indifferent to Paris's decision," Sergey Medvedev said. "We are closely monitoring developments in the sphere of nuclear armament. May I remind you that we have been observing a moratorium on nuclear testing for almost four years. The collapse of the moratorium, which is being observed currently by the four nuclear nations, would strike a hefty blow at agreements reached recently in the sphere of disarmament."

The president's press secretary said that the resumption of nuclear testing would run counter to the spirit of agreements "worked out jointly at the conference in New York." "These decisions aim to stop tests by all nuclear powers in the near future," he said. I would like to hope that France will appropriately consider all the circumstances and the consequences of its decision to resume nuclear testing, Medvedev said.

Foreign Ministry Reaction Cited

MM1406141495 Moscow ROSSIYSKIYE VESTI
in Russian 14 Jun 95 p 3

[Unattributed report under the "At the Russian Federation Ministry of Foreign Affairs" rubric: "It Is Dangerous To Violate the Moratorium"]

[FBIS Translated Text] It has become known from a statement by French Defense Minister C. Millon that a working party of experts in the French Armed Forces has come out in favor of resuming nuclear testing, which France has not carried out since 1992.

Russia, which has been continuing the USSR's policy of observing the moratorium on nuclear testing for almost four years now, is not indifferent to such a decision by Paris.

Violating the four nuclear powers' current moratorium would deal a serious blow to those disarmament agreements which have been successfully adopted recently.

Resuming the tests would run counter to the spirit of the decisions made jointly at the New York conference, which are designed to halt all nuclear testing by all nuclear powers as soon as possible. In addition we cannot, of course, disregard the negative effect that the resumption of nuclear testing will have on the climate of the forthcoming negotiations and on another urgent issue of nuclear disarmament — ending the production of fissile materials for the creation of weapons and other explosive devices.

One would like to hope that the French will, as is only proper, weigh up and take note of all the circumstances and consequences which their possible decision will have for nuclear testing.

Moscow will continue to follow developments carefully with regard to this matter.

Black Sea Fleet Accord Deserves 'No Rejoicing'

MM1406110695 Moscow PRAVDA in Russian
14 Jun 95 p 1

[Commentary by Nikolay Musiyenko: "Fleet in Role of Lodger"]

[FBIS Translated Text] "We have drawn a line under this question today," said Boris Yeltsin joyously when commenting on the agreement on the Black Sea Fleet signed with Leonid Kuchma. But there should be no rejoicing, for the agreement does Russia no credit.

Just take the problem of the basing of Black Sea Fleet ships. As far as I am aware, the Russian side initially insisted on a different wording: "The Russian Black

Sea Fleet's main base is the city of Sevastopol." That is to say, the whole of the city and not just a few moorings and shore facilities. The lines enshrined in the final version of the agreement according to which the fleet's base (it is described here for some reason as the primary [osnovnoy] rather than main base) "is in the city of Sevastopol" should be regarded as a completely unjustified and possibly fatal concession to Ukraine as far as the future of the "pride and joy of Russian sailors" is concerned. It is only a preposition, but it changes the whole heart of the matter.

In effect the fleet now remains in Sevastopol merely as a temporary lodger to whom the owner is entitled to allocate any room, that is to say, a far-from-suitable bay, demanding an absurd payment for the "services" rendered. And if the lodger does not accept this, let him leave this "highly desirable residence" and good riddance to him! Such an outcome is altogether likely, as the agreement does not definitively define the Black Sea Fleet's legal status or the terms for its stationing on the territory of the Ukraine.

The presence of Black Sea Fleet ships and military units solely in the Crimea is another very major concession. However, the ceding of Russian positions in Izmail, Odessa, Nikolayev, and Ochakov effectively happened earlier.

Finally, let us look at the fleet's equipment. It is completely inexplicable why it has to be divided in half, while the ships are divided up according to a quite different ratio — 81.7 percent of them being retained by Russia. The fleet, after all, will only be able to maintain its combat effectiveness when its support system is appropriate to the number of ships and personnel.

Despite all the harm the agreement signed in Sochi does to Russia, it has already aroused the hostility of the commander of the Ukrainian Navy, Vice Admiral Volodymyr Bezkorovaynyy, who has categorically opposed the transfer of the Ukrainian Navy's Headquarters from Sevastopol to another city. It is not in the least surprising that he should be supported in this by Rukh. But, what is really interesting is that, judging by the statement made by Anatoliy Khuniv, a Communist deputy and member of the parliamentary commission for foreign affairs and relations with the CIS, the Communist Party of Ukraine faction in the Ukrainian Supreme Council is fully in sympathy with Rukh on this issue.

Fleet Accord Detailed; Kasatonov on Ratification
MM1306155695 Moscow IZVESTIYA in Russian
14 Jun 95 p 2

[Report by Viktor Litovkin under the general heading "Black Sea Fleet Divided, Talks Continue"]

[FBIS Translated Text] Moscow — In conversation with your IZVESTIYA correspondent, Admiral Igor Kasatonov, first deputy commander in chief of the Russian Navy, described the agreements on the Black Sea Fleet concluded in Sochi as a "breakthrough in Russo-Ukrainian relations." Although there is nothing surprising in that, the admiral added. This treaty [dogovor] is the consequence of an objective development of events which was predetermined by the whole history of mutual relations between the two fraternal peoples.

Meanwhile, many experts analyzing the documents signed in Sochi are highlighting the fact that the headquarters of the Russian Black Sea Fleet and the Ukrainian Navy will be located separately, as the Russian delegation insisted. Sevastopol remains the Russian Federation Black Sea Fleet's main base, whereas the location of the Ukrainian Navy's main headquarters has not even been determined yet. The treaty signed by the two presidents makes no mention of Russia's lease of military installations in Crimea, although the Black Sea Fleet's entire infrastructure — the moorings for combat and auxiliary ships, arsenals, airfields, communications and control centers, technical equipment bases, fuels and lubricants depots, and deployment locations for shore units — remains with the Russian Navy, as IZVESTIYA has learned.

Not for free, admittedly. But the payment terms have not been worked out yet. In the opinion of people with whom I spoke, the terms will be far lower than the Ukrainian side originally asked for and within the reasonable amounts that Ukraine's naval forces pay their own state.

Russia's seamen are hoping that they will continue to be able to train their naval aviators at the ski ramp for ship-borne aircraft at the Saki airfield, the only one in the former Union. This base now belongs to Ukraine and there is an agreement on its use by Northern Fleet aviators from the heavy aircraft-carrying cruisers the Admiral Gorshkov and the Admiral Kuznetsov. Ship repair yards in Sevastopol will repair Russian warships as indeed the ships of any other country so long as the money is there to pay for it.

Legally speaking, there is no actual change to the status of Sevastopol. It was and remains a Ukrainian city except that now Russia and its Black Sea Fleet will have to tend in full to its needs and those of its inhabitants.

That, of course, will involve major financial outlay. A far greater outlay than today. But all of this will go into legal force, the experts claim, only when the treaty between the Russian and Ukrainian presidents is ratified by the two states' parliaments. There are no great doubts about the State Duma, but the Supreme Rada might not accept Leonid Kuchma's signature. Then everything will begin all over again, as has happened a number of times before in Russo-Ukrainian relations. But optimists such as Admiral Kasatonov still believe that the objective development of events will triumph.

Fleet Agreement Termed 'Mutual Breakthrough'

MM1406140595 Moscow KRASNAYA ZVEZDA
in Russian 14 Jun 95 p 3

["Our Commentary" by Vitaliy Strugovets under the general heading: "Agreement Between the Russian Federation and Ukraine on the Black Sea Fleet"]

[FBIS Translated Text] Sochi-Moscow — The Agreement Between the Russian Federation and Ukraine on the Black Sea Fleet signed 9 June in Sochi should not be considered a diplomatic victory or a defeat for either side. It represents a mutual breakthrough in stagnant Russian-Ukrainian relations, to which the Black Sea Fleet presented a real obstacle.

Russia and Ukraine spent three years trying to resolve it. But the three agreements signed in this period failed to clarify the situation. The way to the fourth agreement reached in Sochi was also difficult. Even on the day of the signing, after the successful nature of the two presidents' personal conversation became known, the delegations spent about another three hours "bringing the document up to standard." And Sergey Medvedev, the Russian president's press secretary, who frequently came out to see journalists in that time, said the same thing: "The work is very difficult. Virtually every word is being discussed." Nonetheless the agreement did go ahead....

Literally right after it was signed observers wondered how Boris Yeltsin had managed to persuade Leonid Kuchma, who had been in an extremely skeptical mood the day before, to put his signature to the document. The traditional "sore points" in Russian-Ukrainian relations — debts, gas shipments, and the problem of Crimea — could hardly have been used since, on the eve of the meeting, Ukraine paid the money it owed Russia for gas shipments over the last two months and Kuchma himself consolidated his position by signing a constitutional agreement with parliament and obtaining definite Western backing during recent visits. It was

most likely the example of Russian-Belarusian relations and the historical, economic logic of relations between our two peoples and two states that "did the job." It was here in Sochi that a new term was born to define the substance of these relations, namely "strategic partnership."

What does this mean? Ukrainian First Deputy Foreign Minister Boris Tarasyuk [name as transliterated] explained it as follows during a news conference at the close of the Russian-Ukrainian summit talks: "The two states' desire for closer, deeper cooperation based on mutual respect and trust. Primarily in resolving matters of economic cooperation." "And on questions of maintaining international security," the Russian Federation president's foreign policy adviser Dmitriy Ryurikov added.

The latter fully applies to the Black Sea, where the presidents noted the "coincidence of the two states' interests."

Nonetheless we should not succumb to euphoria over the document that has been signed. While acknowledging that a major political breakthrough has been made, it should be pointed out that the agreement sheds no particular light on the position of the Black Sea Fleet. How ships, vessels, and the onshore infrastructure are to be divided up, how payment is to be made for leasing the bases — these and many other questions remained unanswered. One Ukrainian spokesman correctly remarked that the presidents did not so much conclude the matter as leave it open-ended. A joint Russian-Ukrainian commission comprising Russian and Ukrainian statesmen tasked with elaborating the specific parameters for the division of Black Sea Fleet facilities will decide what comes next. But experience shows that the work of these delegations will not be notable for being particularly prompt.

Moscow To Supply Malaysia With 18 MiG's

LD1306210495 Moscow INTERFAX in English
1714 GMT 13 Jun 95

[FBIS Transcribed Text] MOSCOW, June 13 (INTERFAX) — Moscow's MAPO-MiG enterprise has completed a contract with Malaysia by supplying it with 18 MiG-29 fighter aircraft, a MAPO-MiG press officer said Tuesday.

All the planes were modified to meet the demands of the Malaysian air force. Among other things, the service life of their engines was lengthened from 750 to 2,000 hours, the officer told INTERFAX.

14 June 1995

Under the contract, signed last June, MAPO-MiG sent 16 operational and two training MiG-29s worth a total of \$560 million to Malaysia, 40% of which Malaysia paid with palm oil.

MAPO-MiG, today the only Russian military enterprise licensed to independently export its output, will continue to cooperate with Malaysia, the officer said.

Political Issues

Yeltsin Satisfied With Approved Election Bill

LD1306140095 Moscow ITAR-TASS in English
1319 GMT 13 Jun 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, June 13 (ITAR-TASS) — Russia's President Boris Yeltsin described as "acceptable" the decision of the conciliatory committee of the Russian parliament on the text of the bill "Concerning the election of Deputies for the State Duma", the President's aide Georgiy Satarov told the joint hearings held by the two houses on Tuesday.

He added that Boris Yeltsin was not fully satisfied with the approval since "not all of the changes to the bill proposed by himself were approved," Satarov said.

The Federation Council (the upper house) is scheduled to look into the new variant of the bill on June 14.

"If the Federation Council backs the version proposed by the conciliatory committee, he (Yeltsin) will consider his task accomplished," said Satarov who took part in work on changes to the bill.

Constitutional Court Denies Proposal on Chechnya

LD1306195095 Moscow ITAR-TASS in English
1429 GMT 13 Jun 95

[FBIS Transcribed Text] MOSCOW June 13 (ITAR-TASS) — The press service of Russia's Constitutional Court today denied media reports that the court is likely to propose to President Yeltsin to suspend his decree which ordered the military offensive against Chechnya.

The reports said this "would in fact mean the proposal to stop the hostilities in Chechnya until the court finishes its scrutiny of the matter".

"The press service of the Constitutional Court is authorised to announce that the 'possibility' of addressing President with such a proposal has not been discussed at any session of the court," says the press-service's release dispatched to ITAR-TASS today.

"The Constitutional Court is not entitled to suspend anyone's acts, even if they are carried out on the basis of a statutory act challenged in the court," the release says.

The Constitutional Court is at present considering inquiries from the Russian parliament houses, requesting the court to examine the executive's statutes relating to the military campaign in Chechnya for their conformity with the Constitution.

"The press service draws attention of representative of mass media that such 'inaccuracies' appear as attempts

at imposing on the Constitutional Court a certain model of behaviour, and the reports derived from unverified evidence can create untrue impressions about the activity of the Constitutional Court," the release says.

Yeltsin Signs Edict on Presidential Programs

LD1306223195 Moscow ITAR-TASS World Service
in Russian 1648 GMT 13 Jun 95

[FBIS Translated Text] Moscow, 13 Jun — Russian President Boris Yeltsin has signed the edict "On Ensuring the Activity of the Fund of Presidential Programs." The report from the presidential press service received by ITAR-TASS today reads:

"For the purpose of ensuring the activity of the fund of presidential programs set up following the Russian presidential decree of the 21 November 1994 I decree: In accordance with the established procedure, the Russian Federation Government should enlist the services of the presidential programs fund for examination of state investment projects as well as taking part in investment competitions to buy shares in enterprises that are being privatized."

Together with the Russian Ministry of Finances and the Russian Central Bank, the Center for Presidential Programs of the Russian presidential administration has been instructed "to determine a procedure for submitting and studying proposals for exempting the organizations that are implementing presidential programs from the mandatory sale of a proportion of the hard currency revenues received from the exportation of output, provided it is channeled to the fund of presidential programs for the implementation of presidential programs."

Rybin Decision Said To Await Election Law

MM1306135295 Moscow PRAVDA in Russian
10 Jun 95 p 1

[Report by Valentina Nikiforova under the "Parliamentary Diary" rubric: "Law on Elections Adopted"]

[FBIS Translated Text] Each day brings news about the elections. Television was quick to announce that State Duma Chairman I. Rybin is leader of the new electoral association "Regions of Russia" and that it will join the Agrarian Party of Russia [APR]. But is really happening? N. Kharitonov, deputy leader of the Agrarian Party of Russia and of the State Duma Agrarian faction, clarifies the situation:

"Ivan Rybin, a member of our party's board, came to one of its sessions on Thursday at which election strategy and tactics were discussed. Board members requested him to clarify his position. In reply I. Rybin

stated: 'Since 8 June 1995 I have been a member of the APR board. What is more I am ready to carry out any task for the party.' Then we put a question to him about 'Regions of Russia' and his possible leadership of it. 'Such a proposal was made at a meeting of representatives from 50 regions, but I was unable to give my consent as I am an APR member.' He expanded his point: In general I have received many proposals, but until the law on the election of State Duma deputies is signed, I will not be able to do this."

The law on the elections was adopted yesterday. The conciliation commission has concluded its meticulous work. The deputies adopted the law on the election of deputies with 263 of them voting in favor of it. What has remained of the law and what is it advocating? Doctor of Juridical Sciences, Professor O. Mironov answers these questions:

"The law maintains the ratio of 225 deputies from party lists to 225 from electoral districts in the State Duma. But as it was feared that many Muscovites would get onto the lists, the law has limited the number of candidates who are not from the regions to 12. All the others, including those from the party list, should be distributed among the regions. Consequently, the future of almost all those standing for parliament will be decided in the regions.

"There are fine points concerning the collection of signatures. For an electoral association to be registered it is necessary to collect 200,000 signatures. But all candidates (both from single-seat electoral districts and the party lists) have to collect signatures, and they account for 1 percent of voters or approximately 5,000 signatures.

"The article concerning officials using their official positions has been altered slightly: The requirement has been removed from it for officials to suspend their professional activities for the duration of the election campaign.

"The law will go first to the Federation Council then to the president. But while they are examining it, I have proposed that a decree on the interpretation of articles and individual provisions of the law on the elections be adopted. Otherwise the Central Electoral Commission will have to see to this and it does not have the right to do so; it can only make recommendations and give instructions. I hope that the Federation Council and the president will understand how complicated the situation is."

'Forward, Russia' Said Satisfied With Activities

LD1306191695 Moscow ITAR-TASS in English
1411 GMT 13 Jun 95

[By Lyudmila Alexandrova]

[FBIS Transcribed Text] MOSCOW, June 13 (ITAR-TASS) — The movement "Forward, Russia" is satisfied with the results of its own activity and is prepared to sign agreements on cooperation in majority districts, as well as on the nomination of a single candidature for the Russian presidency with every democratic force, the movement president Boris Fedorov announced at a press conference in the State Duma today.

He added though that "no one has been willing" to respond.

Boris Fedorov who is chairman of the Duma house sub-committee for the monetary and crediting policy and the Central Bank activity, said the movement founded on February 18, 1995 now has 30,000 individual members and is actively operating mainly in the country's regions.

Boris Fedorov rejected with indignation journalists' allegations that the movement's activity and programme show signs of populism. The high rating enjoyed by the movement and its leader according to recent press reports came as a surprise to Fedorov himself, he said. Asked to explain the success, he said, it must have been due to specific work in the regions and also to the fact that "there is no one else to vote for".

Fedorov said he had negotiated with Grigoriy Yavlinskiy and found that "certain interaction" with Yabloko was possible even despite some differences.

As concerns Russia's Democratic Choice leader Yegor Gaydar, Fedorov said he "would not talk with us," but added that contacts with Russia's Choice were not ruled out.

Boris Fedorov criticised the Central Bank leadership as being "not at all better than the previous one" because it was pursuing "an inconsistent policy". He said Tatyana Paramonova's chances of approval by the State Duma as the central Bank governor were "fifty-fifty".

If the lower house again refuses to endorse her appointing, the President should propose another candidate, Fedorov said.

He said there were many efficient functionaries suitable to fill the vacancy, including ex-Finance Minister Sergey Dubinin and the President's aide Aleksandr Livshits.

Abdulatipov Writes on Sovereignty, Federalism

MM1206130795 *Moscow TRUD in Russian*
10 Jun 95 pp 1-2

[Article by Ramazan Abdulatipov, first deputy chairman of the Russian State Committee for Federation and Nationalities Affairs: "Russia's Sovereignty Dates Back 1,000 Years, Not Five, As Some Think"]

[FBIS Translated Excerpt] Many of us experience contradictory feelings ahead of 12 June. For some people this date means virtually the start of history and of a meteoric career and milestones of success. But for Russia as a whole and for the Russian and other peoples this date does not have clear meaning as a state red-letter day. Of course, it should not be rejected, for sovereignty marked a definite political milestone in our country's history. A great deal has yet to be analyzed. We have certainly gained something. But, taking the broad view, Russia has lost more since the Soviet Union, if you cast aside the political and ideological wrapping, was Russia. People in the West always called it that. [passage omitted]

When the Declaration of Sovereignty was adopted in 1990 the emotional element of self-assertion and the political juncture were dominant and many fundamental questions of Russian historical existence were not considered. This is clear to many people today. But at the time political interests prevailed over common sense.

The contemporary Declaration of Sovereignty came to Russia with clearly designated political aims of combating the Union leadership and Gorbachev, who were incapable of leading the country in the new conditions and forms. That is our tragedy. But here too personal ambitions sometimes took precedence over the peoples' interests and the expression of their will. Secession from the Union and its disintegration were really a tragedy for many. Apart from the new czars, khans, and beys, of course. They ignorantly contend that the Soviet Union was an empire. But any of the states that emerged after its disintegration, starting with Russia and ending with Moldova, Estonia, Latvia, Georgia, and the rest, shows far greater signs of being an empire, I believe. Even today the small peoples of these empires are seeking salvation in the Union, and because the Union does not exist, they are seeking it in Russia, for their own preservation and development. After all, until the tragedy in Chechnya it was the most successful country in this respect.

The most terrible consequences of sovereignty are that erstwhile compatriots have begun furiously to kill one another. And we will be harried by conflicts for many

years to come because the interests of the political and ethnocratic elites, who left voluntarily, on the one hand, and the interests of the masses, who were forcibly torn away, on the other, do not coincide. A special place among the latter is occupied not only by the narrowly designated Russian-speaking population, but in the broad sense by people of Russian culture — components of the historical Russian superethnos.

There is only one solution — sovereignty must restrict its influence and its diktat and expand the scope for cooperation, creativity, and integration among peoples and countries. It is not worth destroying the achievements of a 1,000-year history of cooperation and cohabitation on the part of people, peoples, and cultures for the sake of sovereignty. Sovereignty must be capable of uniting the entire potential of the homeland for its further gathering together, creation, and revival. It is inhumane in any other capacity.

After the disintegration of the Union the president and the Supreme Soviet made tremendous efforts to gather Russia together. In my view, many people soon realized the tragedy of the mistakes made in recklessly declaring sovereignties. What did it mean for Russia to announce its withdrawal from the Soviet Union? This is just the same as England starting to demand secession from Britain. Moreover, questions such as the following sounded extremely reasonable against this background: Why do little Estonia or Tajikistan have the right to sovereignty and independence, while Tatarstan, Bashkortostan, Dagestan, and Chechno-Ingushetia do not?

Why did democratic Russia help to increase the sovereignty of Estonia, Latvia, and Lithuania but oppose similar aspirations on the part of Tatarstan and Chechnya?

These were not simple questions. Especially as we ourselves propagandized our sovereignty and therefore initiated the sovereignization of everyone around us, which is fraught with the danger of the disintegration of the country. Moreover, a group of frenziedly radical democrats has continued to turn their democratic aspirations into confusion and chaos. The signing of bilateral horizontal treaties between the republics and Russia while totally ignoring the interests of krais, oblasts, and autonomous formations was imposed from on high. This was the same old Belovezhskaya option, with the same dangers. Boris Yeltsin began to work actively with the authoritative leaders of the republics. They later formed the nucleus of federative relations. This saved us at first. But the main, most important thing was to preserve the nucleus of the federation itself — the sense of identity and unity of the Russian nation, which lives

mostly in the Krays, oblasts, Leningrad [as published], and Moscow. After all, some of those who today describe themselves as Russian patriots began to propagandize an idea that would be destructive for Russia, that of forming a Russian republic, forgetting that, taking the broad view, the Russian Federation means precisely Russian political and Russian ethnic statehood.

All these points were carefully considered in the Federation Treaty signed 31 March 1992. It halted the wave of sovereignties and the ensuing disasters. So I believe that everyone who supports Russia's sovereignty, the unity of its peoples, and the integrity of its territory should have declared 31 March — the day the Federation Treaty was adopted — a national holiday, a holiday of Russian unity. May these words reach the ears of the president and Federal Assembly deputies. Especially as our state's future is inextricably linked with federalism. This is the form of political structure attained by Russia through suffering, a structure for peoples and territories within a united state. And the main issue here is the demarcation of powers between the federal center and the Federation components. It is important to prevent both diktat by the center and legal and management anarchy at local level. And the observance of human rights throughout Russian territory, regardless of nationality or territory of residence, is the most important thing.

A federation can develop successfully only in a democratic state and only when all its levels and components strictly observe the constitution and the country's laws. The state that enjoys sovereignty is one where there are independent and responsible individuals and independent and responsible peoples capable of ensuring their well-being through cooperation, creativity, and the greatest mutual respect for one another while retaining their own identity.

Sovereignty based on disregard of the interests of other people and peoples within the community leads to conflicts and wars. This is shown by the tragic experience of Chechnya.

A federation is the most viable form of state structure for ethnically and territorially complex communities. We in Russia are taking the first steps along the road of real federalism. But already our politicians have in some places departed from the most important provisions of the letter and the spirit of the Federation Treaty. Little has been done to implement it. Strange though it may seem, the war in Chechnya is also being exploited for this policy. The center's financial diktat is increasing. Furthermore, over 30 uncontrolled federal departments are behaving outrageously by levying charges throughout the Federation. No one is coordinating their activity. Great-power chauvinist tendencies are also increasing.

The program of federal and national policy proposed by the country's leading specialists is not being accepted by the government, although the president issued direct instructions regarding this issue. Instead of this the Ministry of Nationalities Affairs and Regional Policy is preparing a blueprint which "abolishes" nations and reduces their historical rights to cultural and ethnic autonomy.

The main question of the Federation's future is the creation of efficient mechanisms for implementing powers at each level of state authority and management. There are still no clearly defined mechanisms of responsibility today. Strange though it may seem, neither the federal center nor the Federation components bear responsibility for any failure to discharge their commitments and powers either before the state or before people.

There are still no clear mechanisms enshrined in legislation in the development of the Federation and federative relations. Everything depends on the presence or absence of certain individuals in politics, in the government, or around the president. The creation of guaranteed mechanisms ensuring the successful development of relations between the Federation components and the federal center irrespective of the whims and wishes of individual people is extremely important for Russia.

We are all immersed in demagoguery and current problems — the crisis, inflation, nonpayments, popularity ratings, the upcoming elections — and so years pass without active creation, without unifying ideas and a coordinated national policy. The new sovereignty has not united us, but, on the contrary, has caused many people to quarrel. Moreover, it has reduced the creative potential of the 1,000-year experience of sovereignty, national consciousness, honor, and dignity of the Russian people. Russia has never shouted about sovereignty. It is a great country. Everything was already clear. We have essentially not gained but lost sovereignty in the economy, in the military sphere, and in international policy, culture, and information. So today we should be talking not about celebrating sovereignty but about regaining it through daily work for the sake of the fatherland and of people. Maybe the experience of 12 June will help this.

Whether we like it or not, these trends are emerging in Russia itself. For sovereignty it is important to combine democracy and patriotism, labor and wealth, honesty and prosperity, intellect and culture, man and the state, and politics and national price. And thereby to unite us in cooperation and creativity. And the most important thing for the establishment of sovereignty and dignity is to acquire self-respect and belief in your own strength. It is important to clearly define our prospects — and

then we will inevitably be a great power, for we are the great Russian people.

Abdulatipov Cited on Political, Ethnic Issues
954F2515A Moscow LITERATURNAYA GAZETA
in Russian No. 23, 7 Jun 95 p 12

[Interview with Ramazan Abdulatipov, deputy chairman of the Federation Council, by members of the LITERATURNAYA GAZETA staff in Moscow; date not given: "Ramazan Abdulatipov: Here in Russia, Anything Is Possible...."]

[FBIS Translated Text] [A. Udaltsov, LITERATURNAYA GAZETA editor in chief] Ramazan Gadzhimuradovich! Today our society is most worried about two problems: the problem of Russian statehood and the problems of power and the management of most complicated political processes happening in the country. In connection with these issues, I would like to know your predictions regarding the upcoming elections.

[Abdulatipov] What is happening now is something that, unfortunately, is already customary for us. For example, back during the sessions of the Supreme Soviet when well-known contradictions were becoming aggravated, I had to warn more than once that without a prepared packet on the elections, we must not bring the contradictions between the branches of power to extremes. We could find ourselves one day face to face not only with the fact of the dissolution of parliament, but also with the impossibility of a legal resolution to the conflicts between the power structures.

On finding myself in the cordoned-off White House, I proposed, almost in earnest, that we adopt a law on the mechanisms of carrying out state coups d'etat, which would liberate us from the spontaneity in these dramatic processes. My irony was not heeded.

Now today as well, as if we were caught in a vicious circle, the same question is on the agenda: Will society ever get a packet of laws on elections? This will determine the kind of fate that is in store for our political system, and whether Russia will be able for once to conduct normal democratic elections. After all, in December 1993, we elected the Duma and the Federation Council not in accordance with law, but according to edicts. Consequently, the legitimacy of these organs is also subject to question. And I am convinced that such a "suspended condition" of the legislative authority was created deliberately, in order that it should be possible at any moment to remind us of our legal illegitimacy....

In Russia today there is virtually no effective parliament. There are its two substitutes, which are completely

isolated from each other. It is more convenient this way, in order to drown the contradictions that exist between the branches of power in interchamber red tape and in confusion regarding powers, stirring them up against each other in the process, in order to get the desired "veto" to a law that someone does not like.

For me, the main thing today is that a law on the State Duma be adopted. I even agree with the variant that is now being submitted, although in principle I do not like an arrangement of forces in the country where there are virtually no all-national parties. Let us say, my Dagestani people know nothing at all of Zhirinovskiy's party and of dozens of other parties.

[Yu. Solomonov, deputy editor in chief of LITERATURNAYA GAZETA] Lucky them!

[Abdulatipov] These lucky people are being forced by Moscow to vote for unknown parties. After all, if a person has gone to vote, he has to cross someone out, right? And he does his crossing out, according to the weather and his mood, and what we end up with is supposedly the will of the people. It is obvious that over all our actions, starting with perestroyka and up to the present day, the principle of revolutionary single-mindedness prevails, which wears down, destroys, and brings virtually to nothing the most constructive efforts.

In December of last year, this calculation existed—Chernomyrdin thought it up, and Boris Nilkolayevich approved it: The great Gaydar comes out to the elections from the democrats. He will gather together the appropriate team, and therefore, it is necessary to organize everything in such a way that the people would not figure out what was going on and would vote for it. But at the same time, one cannot admit to the elections a whole range of parties and movements; they are to be "worn out." The result was the disgraceful "end of democracy" show in the Grand Kremlin Palace.

Today a similar scenario is being promoted, but I reckon that all 450 deputies are elected directly. Every party, every okrug puts forward its own candidates—however many it can muster. Then it will be clear which party is the majority party.

I will also emphasize that a professional parliament is impossible without a law on the formation of the Federation Council through elections. Otherwise, this structure will turn out to be completely incapable of work. Today, at least, 33 people are working on a permanent basis and are doing something. Tomorrow there will be no one, since members of the Federation Council will have to come in every two weeks. That is, we are in fact talking about the parliament's effective functioning being definitively rendered null and void.

The lower chamber is threatened with two 100-percent vetoes, that of the president and of the upper chamber, which will begin constantly to haunt the legislators. To my extreme regret, the law on elections will after all be adopted by the State Duma in the 150-300 variant. The law on the formation of the Federation Council will most probably not go through, and as a result, the latest edict will appear: to form the Federation Council from Russian officialdom. In this way, a docile mechanism will appear on the arm of the powers that be, which will be easy to adjust in the necessary direction.

[Yu. Shchekochikhin, LITERATURNAYA GAZETA department editor] Probably the most painful question for you and for us is Chechnya. When I was there in January, according to our data, 5,000 people had already perished. Today, the losses have amounted to 8,000 people. This is just the federal troops. I am not talking about the peaceful population. So is there a way out or not? You know these parts by more than hearsay. Do we—or do any of the politicians, aside from Grachev—have any power to find a way out?

[Abdulatipov] I am a former physician, and I can tell you this: When a doctor is called in to see a patient, it is important that that patient have a pulse. If there is no pulse, help is impossible, even if the most brilliant doctor is called in. The Chechen problem has been brought roughly to such a condition, but in order to have driven this problem into today's dead-end situation, extraordinary faculties were required.

But variants were proposed. In principle, what I am saying is that from the beginning, there existed two approaches: One was the approach of force, and the other was an attempt at political settlement. It is clear that given the situation that had been created over the course of three years—and all that time Dudayev was preparing for war, and he was in every possible way armed and aided in preparation for that war—it was already almost impossible to get away without bloodshed.

From the very beginning of the war, I had a group of experts working constantly, which everyday gave their prediction to the government, to Chernomyrdin personally, and to Soskovets.

Those who embarked on the path of force, however, in fact did not allow a political settlement, neither in December nor in January nor in March nor in April.

For example, when I was preparing the negotiations with the Chechen parliament, the initial document was the one that Shakhrai and I signed with the Chechen parliament on 15 January 1993. There it was clearly indicated that we were entering into an agreement on

the delimitation of powers, that we would guarantee the protection of human rights and so forth. Boris Nikolayevich seemed to have given the "green light." In any case, that is what Shumeyko told me. It seemed that everyone was willing, no one was raising objections, but when it was already necessary for me to fly out to Chechnya with a group of deputies, on that same day the Security Council convened; it was communicated to us that all questions in Chechnya would be resolved in literally the next day or so and that it was supposedly no good conducting separate negotiations. Then the next day it was said that negotiations were possible only on one point—total capitulation. I had to announce that I would not go to the Caucasus with such proposals; they were useless, and the more such variants were proposed, the more the crisis would be aggravated. So it happened on New Year's night and in the first days of the new year. What happened was a horrible tragedy.

The next stage. The deputies and I convened a peaceful conference. We worked out a plan for a peaceful settlement and discussed it. We passed it to the government and the president. We took their proposals into account. Everything was, again, supposedly agreed on. I received a letter from Chernomyrdin with support for these initiatives. Shakhrai spoke. Filatov spoke. With whom else did we need to make arrangements? A letter was received from Dudayev on his agreement. And once again we were told: We will conclude everything today or tomorrow; you are just getting in the way.

Other steps were also undertaken, but again, without result.

Speaking frankly, I have dealt with Yeltsin for about four years now on this issue, and I have always found understanding with him. I think that Chechnya is an exception in his relations with the republics. Most likely, the president was reassured that in the course of a week, they would have finished everything. Do you remember Grachev's announcement that if necessary, over the course of two hours we will....and so on? The next day I got on television and said: That announcement is insulting to the people of the Caucasus region.

[V. Bonch-Bruyevich, deputy editor in chief of LITERATURNAYA GAZETA] What was it—the military was not able to deal with it as quickly as it promised? Or did it not want to?

[Abdulatipov] That is probably a military secret. And I am just a first sergeant in the reserve.

[Udaltsov] The state should be led by people who know the general situation, not just particulars. Alas, many people shut themselves up in their knowledge of their own narrow problems. Today, if you take the rights

or opportunities of Dagestan and Nizhniy Novgorod, you will find that the rights of Nizhniy Novgorod are two or three times greater, and the opportunities are about 50-60 times greater. That is, it is always necessary to speak in concrete terms. The point is not who has hung up what flag or thought up what anthem—you can call even a farmstead a republic. That is not the point. With the signing of the Federal Treaty, and even more so with the adoption of the Constitution, all of these questions were resolved. I am the author of Article 5 of this Constitution. There it is clearly stated: All components of the Federation have equal rights with respect to the federal organs of power. No other form of equality of rights among them exists. It is necessary to have a respectful attitude toward historical realities. If in Russia national okrugs, republics, oblasts, and krais have taken form, then the very first attempt to change something here will create conflict that no one needs. Therefore, the best approach, and I speak as one of the leaders of the working group on the Federal Treaty, is to preserve this in form, and in content to achieve a situation where everyone is operating by the same rules. It is always worthwhile to look at a question not from the standpoint of its form, but of its essence. True, there is one point here: Sometimes people try to prove to me that Dagestan was civilized only upon its joining Russia; and the only ones who lived there before were, excuse the expression, savages. But we recently celebrated the 5000th [as published] anniversary of Derbent. More than that, separate kingdoms existed on these territories. After that, can we say that with the joining with Russia, any state independence of ours is canceled out? So what is it—will we blot out the form and then the name, and in this way achieve nationhood? If we have united, we should not lose anything. On the contrary, the people of Russia, having joined together, should only gain, be replenished with mutual energy, and with cultural and scientific achievements. But that in no way signifies that someone can demand any kind of special rights that the Russian people do not have because in the final analysis, the future of our state depends on the prosperity and well-being of precisely the Russian people.

[Yu. Solomonov, deputy editor in chief of LITERATURNAYA GAZETA] While I was listening to your answer to the question on the Chechen conflict, I will tell you frankly that my belief in "unclean powers" was strengthened even more. It follows from your answer that you had very many supporters precisely where political methods of resolving this conflict were concerned. Both the president and the prime minister and some of the deputy prime ministers. Everywhere this seemed to have found understanding. So help us, please, get this straight. What can we call this unknown power: the party of war, the Ministry of Defense, the presi-

dent's entourage, the CIA, the Freemasons—who are these people, and in which structures are they? What kind of force is this that influences the adoption of final decisions, bringing everything to the absurd state that you have described and that we have observed all these months?

[Abdulatipov] At one time, Rasul Gamzatov, who was a member of the Presidium of the USSR Supreme Soviet when they sacked Podgornyy, came home to Dagestan and was asked, Why was Podgornyy sacked? At that time it was not customary to decode the behind-the-scenes reshufflings. And he answered: How should I know—I come from the mountains.

I cannot answer your question either, but I would like to note something particularly: the lack of any culture of dialogue in society. What, after all, is national policy? It is a policy of constant dialogue with the peoples of the Russian state. But there is no dialogue. There is no culture of mutual association, in order to open up onto negotiations. Today, everyone who goes into negotiations believes unambiguously that as a result of the negotiations, it should be precisely he who should win. Gain the victory. And therefore, he elementally prefers the variant where this victory is already written about ahead of time. We are not ready for the coordination of interests.

[L. Lavrova, LITERATURNAYA GAZETA department chief] Does it not seem to you that, in order for national policy to have any positive results at all, it is necessary to take into account the economic situation that has taken shape in society? As a result of the "privatization" of power, which took place since 1991 here, power has passed into the hands of regional "raw material elites," in many ways at the expense of the industrial elite of "high technology" and machine building. The raw material suppliers are less oriented on integration; by definition, they do not need a system of interregional connections uniting the country, as do the machine builders, for example. Consequently, the destructive factor is set down in the very process of the economic reforms.

[Abdulatipov] In all of this uproar of the so-called international conflicts in the countries of the CIS and here, 90 percent is politics and economics. In the toughest of oppositions, perhaps, the ethnic factor amounts to only up to 10 percent. More than that, the national question is politicized beyond recognition and is used in order to receive political self-affirmation, which brings in its wake access to the distribution of material riches. We received an enormous, extremely rich state with invaluable stores, perhaps not always drawn into production. And in a few years there is no way we

can deal with the economic chaos. Everyone is engaged in distribution. No one produces anything. In such a situation, the elites, both the regional and the ethnic, as well as the bureaucratic, are to a great extent engaged not in the fitting out of the state, not in the regulation and coordination of its interests, but only in snatching, laying up, registering, and so forth, as soon as possible, while there is still time. Some of our reformers at one time announced that within a short period, a so-called middle class would form here. But is any class really created in the space of an hour by edicts from above? A middle class should create for itself a material base by its labor. But what has happened here? They began to distribute licenses and quotas to their cronies, to get rich that way. Yes, we created a middle class, it appears. A representative of it in Russia is Gaydar and in Chechnya—Dudayev. And each of them is in his own way already using his class interests. It would be ridiculous to talk here of national interests. One is creating a party on this base, and the other, an armed forces. While the tasks of state building are being ignored.

[Solomonov] An incidental question. How would you characterize the national-ethnic elite in Dagestan? Are the same processes going on there? Or do they bear a more healthy character?

[Abdulatipov] If the acting procurator general of Russia says in a speech that 85 percent of today's capital is to one extent or another of criminal origin, that applies to the whole country. More than that, individual clans, uncontrolled by the center, are in various regions of Russia making use of their presence in power in order to give presents to their retainers and trusted people. The situation is the same everywhere. And in the East it is also reinforced by deep clan and other connections.

[Bonch-Bruyevich] Your opinion on the development of mutual relations with Belarus? In particular, on the idea of the conduct of an all-Russian referendum on the creation of a federative state. If this process begins, then it will probably affect other republics of the CIS as well.

[Abdulatipov] If one takes the political aspect of the unification of the Slavic republics, it seems to me that the will of the people, of the common man, will be expressed unequivocally for it. The paradox is in the fact that it is just these republics, and not the Muslims or the Buddhists or the "Zviadists," who destroyed the Union unity. Can you imagine England demanding to pull out of Great Britain? So how could Russia demand to pull out of the Soviet Union? After all, abroad, even in the most difficult years, the Soviet Union was always personified as Russia.

Now the psychological aspect. I have spoken with one of the leaders of the so-called independent republics. I say "so-called" because there is no real independence there. On the contrary, they are more dependent than they were before. But the psychological factor is such. As long as first secretaries of the Communist Party hold power there, they will not go for it. They have in their blood an allergy to a possible call from Staraya Ploshchad. Whereas Lukashenko is a kolkhoz chairman, a normal person. Maybe he does not have any leadership experience, and he has no level of training, but he also does not have that paralysis that grips the rest of the leaders when the topic turns to unification. Today we in the Federation Council and in the Duma ratified the Treaty on Friendship and Cooperation With Belarus. The deputies are feeling an aspiration to integration. I am now writing a book on the Russian [rossiyskiy] superethnos, on the interaction on our territories of peoples and tribes from prehistoric times. I believe that a new superethnic organism has formed, the Russian superethnos. And, cut off from one another, Georgia, Azerbaijan, and Dagestan, for instance, cannot do, even psychologically, without one another. Decades will go by before the detached pieces of the common body again form themselves into a unified organism. We are fated to overcome the various conflicts, beginning with Sevastopol and ending with Badakhshan. If, of course, we are not able to cover these internal contradictions under a more general association, if we do not provide a new commonwealth. The conflicts between Georgia, Abkhazia, and Ossetia will never end. And Tajikistan will continue to blaze with war. I do not even want to predict conflicts in places where there are none yet. Besides this, there are 25 million Russian people abroad today. Will this really fail to be a daily source of agitation? Here, of course, Russia has the main word. And as yet we are working purely formally. There are more than 700 treaties and agreements that are not operating. We cannot guarantee the carrying out of laws inside the country, but we want them to work in a vacuum. And here the point is no longer economics. For Russia, spiritual and cultural factors are always in first place. First of all, we must speak of the restoration of the cultural-linguistic space. For decades they fostered culture, and then, in one fell swoop, they left whole peoples in a vacuum.

[D. Molchanov, LITERATURNAYA GAZETA department editor] Your attitude toward the policy of the Ministry of Foreign Affairs (MFA) and the activity of the foreign affairs minister?

[Abdulatipov] I think that the MFA is gradually finding its positions, and in that which concerns the defense of Russia's interests, is embarking on a more or less

purposeful path. To be more specific, three days ago I returned from Syria, Lebanon, and Egypt, where I had gone as part of a parliamentary delegation. But back in 1992, I had visited these countries, and then upon my arrival I made a special visit to Yeltsin, to say that one should not abandon one's old friends, no matter how good the new ones might be. Both the enterprises that we built there and the money that we invested—everything was virtually thrown to the whim of fate. Hafiz al-Asad warned back then: If you think that the West is interested in Russia's becoming a strong state, then you are mistaken. Your market is here, in the East. A one-sided orientation on the West has caused great harm to the Russian state, which in the economic arena amounts to billions of dollars. We have lost our arms market, our raw materials market. Syria owes us \$11 billion, but to this day we have not agreed on a mechanism of utilization of these debts. We have pushed Mongolia, as well, out of our trade turnover. Recently I spoke in Switzerland at an international conference; I headed a roundtable from Russia and I gave enormous thanks to the "Big Seven" for the invaluable help that they render us. They put in about \$3 billion every year. But, according to the calculations of Western experts, the "Big Seven" yearly receives at Russia's expense, that is, from Russia, \$25 billion.

[Udaltsov] But Kozyrev is also fighting for markets.

[Abdulatipov] I wish him creative successes. The Russians say—what we have, we do not keep; what we have lost, we cry for.

[Yu. Kulikov, deputy editor in chief] What is happening behind the scenes in the Federation Council—how are the lobbies operating, who is exerting pressure on whom, who is promising whom what? Money? Positions?

[Abdulatipov] I do not put pressure on anyone, and no one puts pressure on me. But everyone, of course, has his own interests. I mean the interests of the republics, the regions. For example, I visited Krasnoyarsk Kray. I saw their plants. I could have spoken on television and have had done with it. But Petr Romanov and I, along with a couple of other deputies from that region, decided to do things differently. We gathered a working group together and elaborated a law freezing prices on energy sources. That kind of lobbying does exist. As far as my immediate leadership are concerned, I, for example, have not detected lobbying on their part. But the main thing is that there is absolutely no real work.

[Lavrova] Recently you had hearings on the Dniester Region. What is your position on the withdrawal of the 14th Army?

[Abdulatipov] The Army has not been there for a long time. As far as I understand at the level of my first sergeant's rank. Two or three thousand men do not make an army. If I had been asked, I would have kept a united armed forces during the transition period. That would have been the main guarantee barring many wars—territorial, regional, and so on. The military needed to be asked: In 1990, were all the submachine guns in the barracks and in the armory offices? If today millions of weapons have been stolen, who is responsible for that? Who gave out all these weapons, which are killing Russian soldiers today? One can pull out the troops, of course, but what will happen later? Who can give guarantees of peace in that region?

[V. Prokhvatilov, LITERATURNAYA GAZETA observer] Maybe it is to someone's advantage to have another Chechnya?

[Abdulatipov] But what does advantage mean? I even noticed a rule of thumb, when I was following the Ingush-Ossetian conflict. Some point came when provocations were set up first on one side, then on the other. But the latest batch of weapons would be sold, and it would calm down for awhile. Weapons are the most profitable article of income. Or else imagine the situation: They are fighting with their opponent and are selling that same opponent weapons and gasoline.

[O. Blotskiy, LITERATURNAYA GAZETA department editor] What you say is absolutely true: As soon as weapons are transferred, a conflict blazes up. They shoot all their cartridges, and there is a two-week break. They buy new ones, and it all begins again. It is clear who was transferring the weapons in the Dniester Region, in Chechnya, in Abkhazia. One can find people all the way up to company commander. Call a division commander, threaten him, and he will turn everyone over. When prison or execution looms before a person, he will certainly crack.

But why are such cases not brought to light or to trial?

[Abdulatipov] In 1992, I sent an inquiry to the General Procuracy of Russia on the subject of weapons. And before that, at every meeting I asked the appropriate ministries: Does it not turn out in such a way that weapons are falling into the hands of the guerrillas? And each time, I was reassured that no, by no means was this the case. And when I found out that weapons had already been transferred without the knowledge of parliament, that was when I sent the inquiry to the General Procuracy. I have a letter, in which everyone who was accused in this is clearly named. So far, I have not published this letter. One can discuss this as much as one pleases, one can name names. So who after

all should institute criminal proceedings against these people? Parliament? It does not have such powers.

[Blotskiy] We recently had Kovalev and Chubays here, and now you. The speakers have had one strange peculiarity. It has been in different contexts, but it sounds the same: we—they; I—they; who—I do not know; why—I do not know. I have nothing to do with that.... So who presses the button?

[Abdulatipov] Do not confuse me with Chubays. I specifically told you who prevented the initiatives that were elaborated on Chechnya from being concluded. Second, all that parliament does in this and other questions, it does openly. Beginning with the foolishness at the microphone and ending with the law that is adopted. Therefore, when all is said and done, there are no secrets in parliament. And the remaining spheres of executive power that have specific responsibility for painful problems, you know. Who is the minister of defense, and who is the minister of internal affairs. What, am I now supposed to endlessly explicate them here? What more specifics are you demanding? I am not the procurator of the republic. I am a parliamentarian. And a scholar who deals with national issues. I can tell you about tendencies, about efforts that are being put forth. And about all the rest, if you please, ask someone else. With the adoption of the Constitution, we delegated these powers to a specific person, a specific office. I feel sorry for him on a personal level; as I said earlier, if you wish the president well, do not load him down beyond human endurance. After all, these are not only powers, but responsibility. When the Chechen question was being decided, I said that, unfortunately, today's Constitution is written in such a way that the parliament is not left a chance to determine the president's responsibility.

[Udaltsov] So when will we have elections to parliament, and when, presidential elections? Give us your prediction.

[Abdulatipov] Elections to parliament will be held here in December or January of this year or next. (Laughter in the hall.) The presidential elections will be held in June. (Laughter in the hall.) Why do I say this? I, as a parliamentarian, am guided by the laws and the Constitution of the Russian Federation. As far as simple predictions are concerned, anything is possible here in Russia. Unfortunately, we have not spoken about the intelligentsia here. Given the spiritual condition that society is in, the intelligentsia's role is especially significant. I still wonder—who are those people, where did they come from, who with every gunshot to the White House applauded with joyful shouts? Who got up and shouted: Crush the scum, destroy them? Nothing

in history just happens. It does not disappear without a trace. There is a price to pay for everything.

Police on Effect of Presidential Edict on Crime

*LD1306194895 Moscow ITAR-TASS in English
1900 GMT 13 Jun 95*

[By Larisa Kislinskaya]

[FBIS Transcribed Text] MOSCOW June 13 (ITAR-TASS) — Results of the Russian president's previous decree on fighting organized crime in Russia were laid out to a briefing in the Russian Interior Ministry today.

First Deputy Interior Minister, head of the Organized Crime Directorate Colonel-General Mikhail Yegorov said the surge of organized crime was somewhat slowed down during the year with the decree in place.

Yegorov said activities of 12,500 criminal rings were stopped, and 26,500 of their active members arrested.

Some 11,000 criminal cases have been instituted, 9,500 of which went to courts.

Since the decree was issued 202 complaints have been filed, 18 of which were found valid. Legal proceedings were started in three cases, but were stopped because of a lack of incriminating evidence. A total of 40 persons were punished.

Yegorov said "most commonly members of organized criminal groups were detained for 30 days on definitive counts".

Statistics presented to the briefing indicates that organized rings were most commonly charged with banditism.

In 1994, 263 criminal cases were opened on this once obsolete charge.

A criminal group of 30 was arrested in Voronezh.

The anti-crime decree was actively used in control of illegal arm bearing. Some 12,000 arms and 1,812 kg explosives were seized from 500 arm-toters arrested on this charge.

Organized groups who made and sold some 100 Kalashnikov assault rifles were arrested in Udmurtia and Tatarstan.

Abundant arms were seized en route to Chechnya in Operation Doroga ("Route"). The operation prevented the trafficking of 600 small arms and eight units of armoury, including four tanks, into Chechnya.

The presidential decree was used as a statute against racketeers, kidnappers, murderers. Interior forces arrested 3,950 on charges of racketeering. Investigations into those crimes exposed 148 murders to order.

Yegorov said organized crime showed great cruelty. Police can successfully fight organized crime only when they have in their hands a law which would define this variety of crime, the deputy interior minister said.

Commenting on draft crime laws now handled by the State Duma, or the lower house of the parliament, General Yegorov said many of them were absurd and unlikely to be of any help in crime control.

Police, FSB Said To Blame for Armed Clash

LD1306183095 Moscow ITAR-TASS in English
1616 GMT 13 Jun 95

[By Larisa Kislinkaya]

[FBIS Transcribed Text] MOSCOW June 13 (ITAR-TASS) — Both police and the Federal Security Service [FSS] are to blame for the armed clash which occurred between the two services on June 7, a briefing was told today by Colonel-General Mikhail Yegorov, the Interior Ministry Organized Crime Directorate head.

The clash on Moscow's Profsoyuznaya Street has left one policeman dead, and two policemen and a FSS officer wounded.

Yegorov said "there is no antagonism between the two services".

He said the tragedy resulted from tactical errors of both sides in planning an anti-crime operation.

To avoid pitfalls of excessive secrecy, the FSS always informs Moscow's police officer on duty about an action which the security service plans in a city district, without details, Yegorov said.

"I hope that the investigation will put accents correctly," the Interior Ministry official said.

An inquiry into personnel is in progress after another scandalous event, the escape of a notorious criminal, Aleksandr Salonik, from Moscow's top security prison Matrosskaya Tishina, Yegorov said.

He admitted that the Interior Ministry's personnel problems were absolutely obvious in this case.

Clash Seen as Start of Police-FSB 'War'

MK1406103095 Moscow MOSKOVSKIYE NOVOSTI
in Russian
No. 40, 11-18 Jun 95 (Signed to Press 13 Jun) p 10

[Report by MOSKOVSKIYE NOVOSTI security problems desk under the "Special Services" rubric: "Shoot-out on Profsoyuznaya Street"]

[FBIS Translated Excerpt] The two-minute shoot-out in Cheremushki [Moscow neighborhood] between FSB

[Federal Security Service] operatives and a patrol and point-duty detail of the capital's GUVd [Internal Affairs Main Administration] has been taken by many as a regrettable blunder. Judging by further developments, however, this marked only the first volleys in an impending war between the two power structures. [passage omitted]

Owing to a shortage of information, the press and television snatched at the police's version, which pervaded all commentaries. MOSKOVSKIYE NOVOSTI has learned from confidential sources that, having learned that a policeman had been killed, Minister Yerin directed that the incident be "turned around" so as to put the entire blame at the FSB's doorstep. In the meantime, there is no doubt that the MVD chief had known about the operation on Profsoyuznaya Street, because his own staffers also took part in it. Yet another Yerin attempt to take a swipe at the FSB, however, has failed. Sergey Stepashin is said to have played back to Viktor Yerin a videotape of the shoot-out.

Following this, yet another version appeared in the press — everything that happened was a fated accident, and the first shot that rang out on Profsoyuznaya Street at 2042 was spontaneous. The criminal case was at once transferred from the Military Prosecutor's Office to the General Prosecutor's Office, which today is virtually tantamount to terminating it.

The MVD has promptly "forgotten" about the charge that the counterintelligence men were drunk, because a test for the presence of alcohol failed to establish the fact. The police have also "forgotten" the absurd claim that the FSB directorate men were armed with automatic rifles. It turned out that when going out on operations, counterintelligence men take along with them only arms that can be concealed. And instead of arriving on Profsoyuznaya Street in imported cars, the operations men were made to have arrived in a "Zhiguli" seventh model, and an RAF jeep.

The shoot-out tape played back on NTV (a clear leak organized by the counterintelligence service) attests to the fact that, despite a supposed agreement between the chief law and order guardians not to fan the scandal, it is too early to say the conflict is over. There is no knowing if the leak was sanctioned by Mr. Stepashin himself. On the other hand, it is known that a draft law has been around at the president's staff for several months now which restores to the FSB the right to perform operational work in MVD organs. The incident in Cheremushki, in which a militia detail behaved like a gangsters' "cover group," speaks in favor of this draft law more than do all the rationales of its opponents in the MVD.

Former Paratroops Criminal Gang Eliminated

954F2510A Moscow KOMMERSANT-DAILY
in Russian 2 Jun 95 p 14

[Crime Department report: "Ordinary Commandos Lived on a Modest Salary: Dangerous Gang Liquidated"]

[FBIS Translated Text] Novokuznetsk, Moscow, and Moscow Oblast police have solved one of the most sensational crimes of 1994—the murder of Yuriy Stupenkov, president of the Russian professional league KITEK and a black belt in karate. It was established that the famous karate master was the victim of a gang from Novokuznetsk, which accounts for dozens of murders. Eight persons have been arrested in this case. All of them were charged with gangsterism. The police were unable to detain Stupenkov's killer—his confederates shot him last year. In the opinion of MUR [Moscow Criminal Investigations] personnel, one of the most dangerous gangs in Russia, formed by former paratroops, has been eliminated.

The Police Followed a Bloody Trail

In the morning on 7 February 1994, 34-year-old Yuriy Stupenkov, president of the Russian professional league KITEK, was fatally wounded in a dacha compound in Vidnovskiy Rayon, Moscow Oblast. An unknown person shot him with a submachine gun. The wounded sportsman was brought to a hospital, where he died without regaining consciousness. The police only succeeded in picking up the trail of the criminal at the end of the year, when on 12 December the bodies of two Novokuznetsk residents—Kondrashov and Krivitskiy—were found in southwestern Moscow, wrapped in bed sheets and blankets. Both had been shot point-blank with a repeat-action Beretta handgun.

The MUR's Second Department was brought into the murder investigation. One of the sheets had a tag with a number attached to it, and the police started to canvass nearby laundries. At one of them, the counter woman recognized the number. From her, the operatives learned that shortly before their visit the wife of a certain Shkabara visited the laundry, took the linens, and tore out the page with the record from the register. The counter woman, however, wrote down the number and the client's name and address. During a search, carefully washed out traces of blood were found in Shkabara's apartment.

After that, MUR personnel came into possession of information on the involvement of Shkabara and people associated with him in several other grave crimes in different regions of Russia. In March 1995 the detectives were able to establish that Shkabara was hiding in

Pushkino, a suburban Moscow recreation home. On the night of 3-4 March he was detained by MUR and oblast RUOP [Department for Combating Organized Crime] officers. Shkabara offered the policemen \$1 million and a Mercedes each. Following Shkabara, seven more persons were arrested. All in all, eight Kalashnikov rifles, eight handguns of different makes, three explosive devices, and hundreds of cartridges were confiscated from them. It turned out later that they were all members of the same gang, which for about three years had terrorized entrepreneurs and gangsters in Moscow, St. Petersburg, Novokuznetsk, and other Russian cities.

During interrogations, the arrested confessed to the commission of 41 premeditated murders, including that of Stupenkov, Kondrashov, and Krivitskiy. The story of the gang's creation and operations which they told to detectives stunned even experienced policemen.

Paratroops Began Operations

At the beginning of 1992 former paratrooper Vladimir Labotskiy, along with his army friends Sergey Gnezdich and Igor Shkabara, put together a group of several young men and decided to take the entire business Novokuznetsk under their control. The future "kings" of Novokuznetsk were united not only by service in special paratroop units but also by sports. Each had achieved success in classical and free-style wrestling, boxing, and all-around competitions.

They decided to start with commercial kiosks. They did not bother to reach an agreement with traders' "protection providers." Those who dared to stand in the gang's way were mercilessly killed with sharpened tourist hatchets. The criminals chopped off one of the entrepreneur's feet in front of his bodyguards if he did not pay them on time. When the maimed entrepreneur paid up in full, the gangsters gave him a gift—a car with manual controls.

From kiosks, they moved on to serious business. The former paratroopers made appointments with businessmen and told them that the latter were to pay them a monthly percentage of their profit, as well as put them on their founders boards. Whenever the offer was refused, they opened a briefcase and took out a chopped-off arm, and with the words "the same thing will happen to you," dropped it on the entrepreneur's desk. If this did not work either, they resorted to hatchets and explosives. Gang leader Vladimir Labotskiy had been taught in the military how to make bombs even from household chemicals. And when he managed to get his hands on TNT, the stores and commercial kiosks of recalcitrant businessmen began to blow up.

The Group Grows

Thus by the beginning of 1993 the gang controlled most commercial structures in Novokuznetsk. The gangsters did not spend the money earned by racketeering on trifles. Labotskiy, for instance, went to England and purchased equipment to tap telephone lines and other special devices. The gang acquired a whole arsenal of firearms. Rumor has it that the criminals got the firearms somewhere in Germany.

Not only did the gang's armaments change, but also its internal routine. Labotskiy set strict rules for his subordinates: For instance, they were not permitted to drink or smoke. The gangsters exercised several hours a day in a gymnasium and did 15 km runs. The group now also had a treasurer, who kept strict accounts of the money collected by the gang and paid a monthly salary to its members (according to some data, rank-and-file commandos were paid about 300,000 rubles, plus relatively small bonuses). Automotive transportation and food for group members were paid for out of the group's budget, which also funded operations. The criminals had to account to the treasurer and the leaders if they ran over budget.

In early 1993 Vladimir Labotskiy went on a reconnaissance trip to St. Petersburg and Moscow. In the end, the gang chose the capital and decided to conquer it the same way they had Novokuznetsk.

Before getting to business, the criminals compiled a file of crime authorities and bosses in the capital. Then they compiled a database of some commercial structures. The gang equipped itself with communications devices (pagers and radio telephones), new automobiles (several Mercedes-500), and housing—the leader bought or rented an apartment in the Southwestern District of Moscow for each group member. For security reasons, Labotskiy permitted his subordinates to contact him only in emergencies. On top of that, all information had to be exchanged only in code (with the conversation lasting no more than one minute). Gang members were not to leave their apartments without an order from Labotskiy or his deputies—Sergey Gnezdich and Igor Shkabara. As the leader said more than once, violations of the procedures would be punished by death.

The Gangsters Conquer Moscow

To make a statement to capital city and oblast mafiosi, Labotskiy called up several groups at once for "discussions." For instance, to a meeting with the Lyubertsy gangsters, the former spetsnaz member came apparently alone and unarmed. After hearing what the Lyubertsy gangsters thought about him and his group, Labotskiy suggested that they look around. In the bushes the gang-

sters saw the barrels of sniper rifles trained on them. At a hand signal from the leader to one of the snipers, a bullet knocked the handgun from the hand of one Lyubertsy's authorities. After that, the Lyubertsy group silently boarded their foreign-made cars and hurriedly retreated. They never made any more complaints about Labotskiy.

The former spetsnaz spilled the first big blood in the capital on the night of 8-9 February 1993. In the building of Solntsevo School No. 1006, refurbished and equipped with a sauna, a gymnasium, and a pool-playing room, they shot with a submachine gun O Yen Niy, general director of the SAK company, and his two bodyguards. Generally speaking, this action was a continuation of the gang's Novokuznetsk business—allegedly, the SAK company had owed them money since then. During the shootout in the sauna, a minor—the son of a Georgian crime boss, who was in the pool room—was accidentally wounded. Leaving two Kalashnikov rifles on the scene of the crime, the gangsters escaped undetected.

Before the beginning of 1994 the Labotskiy gang easily took under its control several large capital city commercial structures.

That same year, the gang's interests crossed the interests of the Russian professional league KITEK, and Labotskiy made a decision to remove its president, the famous sportsman Yuriy Stupenkov. The gangsters tracked him for a long time and even tapped the telephone line the KITEK president used. Apparently suspecting something, Stupenkov began to make calls only from street pay phones. However, once during inclement weather Yuriy Stupenkov did not feel like going out on the street and used his home phone; from this call the criminals learned that he would spend 7 February at his dacha in Moscow Oblast's Vidnovskiy Rayon. On that day, at about 0900, when Stupenkov stepped out of his dacha, he was sprayed with a submachine gun burst. Several bullets hit the karate expert in the chest and stomach, and he died in hospital. Some time afterwards Stupenkov's murderer was liquidated.

In November of the same year the gang killed Mikhail Shishkov, a branch director of the Moscow leather-tanning plant. The paratroops took a liking to the enterprise's "large and airy offices" and decided to set up their own office there. The director resisted, however. Then the criminals tapped his telephone and found out his address. Because of telephone line static, however, they got a slightly incorrect address. As a result, the gangsters stabbed to death a metalworker instead of the director. Some time later, though, they did eventually shoot Shishkov to death on Osenniy Boulevard.

Score-Settling Begins

In the summer of 1994 Vladimir Labotskiy decided that Igor Shkabara had set his sights on his position in the gang. On 21 July he put together a bomb with a timer, wrapped it in paper, and went to visit Shkabara on Lenin Avenue. Not finding him at home, he told Shkabara's wife that he had a package from Novokuznetsk for her husband, but she became suspicious and refused to take the package. Labotskiy left and ran into Shkabara at the entrance. The former paratroops went to the metal "seashell" garages set up near the house to talk. Later Shkabara told investigators that he immediately thought that Labotskiy was behaving "as if he were carrying a bomb with a timer, with the time running out." Therefore, just in case, Shkabara kept his distance from Labotskiy. Gesticulating, Labotskiy accidentally hit the "garage" with the bomb. An explosion ensued. Labotskiy was still alive, however, and Shkabara finished him off with his gun.

After that, Shkabara decided that Gnezdich would not forgive him for the boss' murder, but could not take care of this right away: A message came from Novokuznetsk that a local criminal authority named Ivanov had put together his own gang and "encroached" on the paratroops' commercial structures. Shkabara sent three killers to take care of things in Novokuznetsk. They critically wounded Ivanov, but were unable to finish him off. The victim was placed in intensive care, and his gang set up heavy security protection at the hospital.

Returning to Moscow, the killers reported to Shkabara in detail on the failed assassination. He listened attentively and even sympathized, and then issued an order to kill two of the offenders. Which was carried out. The third one he sent again to Novokuznetsk on the same assignment. This time the killer did not miss. He sneaked into Ivanov's hospital room, where the latter was hooked up to an IV, and killed him with a shot to the head.

Meanwhile, rumors of the murder of Shkabara's killers spread among Novokuznetsk and Moscow gangs. Members of the Shkabara group got a nickname "disposable."

Last Killings in the Gang

Now Gnezdich's time had come. Shkabara came to his home on 9 December, while Gnezdich was taking a bath. After a chat with his wife and son, Shkabara walked into the bathroom, put a gun to his friend's head, and pulled the trigger.

This was not the end of score-settling in the group, however. The next day Gnezdich's bodyguards Kondrashov and Krivitskiy decided to get even and, armed with sub-

machine guns, went to Shkabara's apartment on Oporin Street. The latter, however, managed to convince them not to take the matter to the point of a shootout. Kondrashov and Krivitskiy put their submachine guns in the corner of the room, after which Shkabara pulled a gun from under his belt and shot them both. After that, assisted by his wife, he washed off the blood stains, wrapped the bodies in sheets and blankets, and threw them out on the street. But he forgot to cut off the tags from the sheets.

While the MUR officers were looking for Shkabara, he was not sitting idle. He sent Gnezdich's family to Novokuznetsk, where he bought a house for the murdered man's wife and son and gave them a large sum of money. After that Shkabara conducted an audit of the gang's treasury and found out that, taking advantage of the feud between the leaders, the bookkeeper had embezzled a large amount of money. For this, the bookkeeper was soon killed. A new man was hired for the job, who was to transfer the gang's money abroad and invest it profitably. Shkabara himself, who anticipated that the police might already be on his trail, intended to follow soon.

The investigation of the case continues. The detectives have no doubt that they are still to learn of dozens of other crimes committed by the Novokuznetsk gang of Shkabara-Labotskiy-Gnezdich.

Government Inspectors Launch Probe in Vladivostok

LD1306182295 Moscow *ITAR-TASS in English*
1711 GMT 13 Jun 95

[By Vladimir Konopliitskiy]

[FBIS Transcribed Text] VLADIVOSTOK June 13 (ITAR-TASS) — An intersectoral governmental commission led by Federal Bankruptcy Commission chairman Petr Karpov arrived in Vladivostok today.

Karpov said the Moscow inspectors came at the request of Maritime territory's Duma Chairman Igor Lebedinets.

Immediately after the arrival the commission held a closed-door meeting with administrators of Maritime territory's cities and districts.

Karpov informed the meeting about results of a previous probe into the management of federal budgetary appropriations by the territorial administration.

Lebedinets said in an interview with *ITAR-TASS* that he intended to lay out the results to the territorial Duma which is due to meet for an extraordinary session on June 14.

Meanwhile, ITAR-TASS was told by sources close to the territorial administration that the Duma session may become an arena of struggle between Yevgeniy Nazdratenko, the territorial governor, and Lebedinets, the governor's avowed loyalist who suddenly stepped up bitter opposition.

Observers say Lebedinets is going to press for Nazdratenko's resignation.

Media Issues

Ostankino Blames Government for 'Stifled' Media
LD1306231395 Moscow Russian Public Television
First Channel Network in Russian
1700 GMT 13 Jun 95

[From the "Vremya" newscast]

[FBIS Translated Text] A conflict between the Ostankino television company and Russian Public Television is likely to become exacerbated again today, this time owing to economic problems. Grigoriy Shevelev, first deputy chairman of Ostankino television company, gave a news conference.

A recent closure of several offices in the TV center building and their subsequent handover to Russian Public Television were just a pretext for a meeting between the Ostankino management and journalists. The desire to air their views on recent developments at Ostankino was evident in the management's speeches. Shevelev said the state television is being stifled gradually. The company is unlikely to make do with the 175 billion rubles set aside in this year's budget, and the documents on the company's status have not been approved yet. Although the Ostankino management believes that Russian Public Television is a more advanced form of television, it still wants the government to give a clear answer to the question whether the Ostankino TV company will exist. And if the answer is yes, it wants normal working conditions for the company, otherwise, the management believes, one should announce that Ostankino has ceased to exist rather than watch the company dying in death throes.

[Begin Shevelev recording] I am not aware of a single government document that puts an end to Ostankino. Ostankino exists. But government officials, who perhaps are trying to save state money, are saying that allocating money to pay the workers of Ostankino is hardly worth while. The outcome of this is that for the first time in the history of Ostankino its workers did not receive their salaries in the beginning of the month. [end recording]

The string of recent events makes the Ostankino management blame the more successful founders of Russian Public Television for its misfortune. If this is not the case when one is trying to lay his fault at somebody

else's door and Ostankino is not bankrupt, I hope we will live to see harmony in Russian television and, as a result, we will see interesting TV programs.

Ostankino Forced To Suspend Producing Programs
MK1406094095 Moscow SEGODNYA in Russian
14 Jun 95 p 2

[Report by Sergey Fomin under the "Television" rubric: "Ostankino' Wants Its Existence Confirmed"]

[FBIS Translated Text] Grigoriy Shevelev, first deputy chairman of the Ostankino All-Russia State Television and Radio Company, held a press conference yesterday to explain the television company's situation.

Last week, rooms of Ostankino staffers were sealed; as a result the production of programs had to be suspended. The Television Technical Center, representing the Russian Property Committee, explains this by "Ostankino's" debts, and it has already concluded an agreement with Public Russian Television company (ORT) for nine years.

At the same time, ORT's debt to Ostankino amounts to 37 billion rubles, and ORT is presently in possession of Ostankino's property worth 5 billion rubles. Ostankino's programs now account for one-third of ORT's programs (including those from archives).

Mr. Shevelev called the present situation a stranglehold on Ostankino and said that the company had developed several new positive projects, including one on creating yet another nationwide channel, but "we would like to receive confirmation from the president and the government whether we still exist or not," Mr. Shevelev noted.

Press Committee Chief Urges State Support for Media

LD1306144295 Moscow ITAR-TASS in English
1229 GMT 13 Jun 95

[By Valentina Ivanova]

[FBIS Transcribed Text] CHEBOKSARY, June 13 (ITAR-TASS) — Concern for the political independence and genuine freedom of the press was expressed here today by Sergey Gryzunov, chairman of the Russian Committee for the Press, who arrived in Cheboksary on the eve of the Inter-Regional Seminar of the Volga and Urals Regional Mass Media, which is to open here on Wednesday.

Interviewed by ITAR-TASS, he said that the Russian Committee for the Press was going out of its way to have the law on state support to the mass media adopted

as quickly as possible. "I hope that the appointment of Vitaliy Ignatenko to the post of vice-premier, responsible for the work of the mass media, will give us more 'muscles' to uphold the interests both of state-run and independent means of mass information," Gryzunov stressed.

Military & Space Issues

Army Cash Plight Critical After 1st Quarter

MM1306153295 Moscow KRASNAYA ZVEZDA
in Russian 10 Jun 95 p 1

[Report by Vladimir Yermolin: "Life Shows That Current Defense Budget Is Unrealistic. Immediate Adjustments Required. On the Results of Russian Armed Forces Funding in the First Quarter of 1995"]

[FBIS Translated Text] As has already happened on a number of occasions, State Duma Deputy Aleksandr Piskunov, deputy chairman of the Defense Committee, was one of the first to sound the alarm over the Army's financial position. He held a news conference with the "Russia" deputies' group and publicized figures for the implementation of the defense budget in the first three months of this year. He clearly and convincingly let it be known that a financial catastrophe is approaching for the Army, the defense industry, and military science.

Generally we have been up in arms over the defense budget so often in the past few years and in so doing have so energetically used strong language — "imminent catastrophe," "the Army is on the brink of a financial abyss," and such like — that few people either in the government or society now react to these cries for help. Stability is already being discerned at the very height of passions. And a stable catastrophic situation gives grounds for departmental optimism. So for the time being let us leave aside the terminology of incantations and let us turn to the figures.

In the first quarter 719.1 billion rubles [R] was spent on the provision of food, which totals 41 percent of the total sum allocated for the year under the adopted budget. A simple estimate shows that in order to feed the Army at least another trillion has to be found from somewhere. Expenditure of funds on pay, wages for civilian personnel, special fuel and fuel payments, weapons maintenance, and renting electrical communications resources and operational and ancillary expenditure is running ahead of schedule. As the parliamentary Defense Committee's conclusion says, "the rate of actual expenditure on maintaining the Armed Forces is outstripping budgetary resources and at this level of funding will require an increase of at least 25-35 percent in budget appropriations."

What does all this mean? The military's inability to run a tight ship and to cut its coat according to the state treasury's cloth? This straightforward formulation of the question arises when we start talking about military expenditure. But let us face the realities. A lot of water has gone under the bridge since the federal budget figures, according to which we are all supposed to live now, emerged from the bowels of the Finance Ministry. In particular, meat prices have increased three or fourfold. Just like other food product prices have not stood still. While the soldier, as we know, does not suffer from a lack of appetite. He has to be fed every day. If the expenditure dynamics enshrined in the law on the federal budget are followed, it would be better to feed a soldier two days in every three. Then everything would be according to the law and there would be no overexpenditure. The same applies to the remaining defense budget items: Do not use as much electricity as required but as much as you can pay for, fill an aircraft's fuel tanks not for the whole duration of the flight time needed to reach the target and return but only within the limits of the appropriations released.... Nonsense? Of course it is, but it is nonsense which seems to have been elevated to the level of state policy on saving funds.

Because people do indeed have to be fed every day, money is being found from other items. The robbing Peter to pay Paul effect. The funding of weapons and equipment procurement and of military science is running at respectively 19.4 and 12 percent less than planned. We are thus finishing off the defense industry. This is at a time when expenditure on the acquisition of priority defense products and expenditure on priority scientific projects are protected budget items. Appropriation lower than the level enshrined in the law is essentially an unlawful act. Piskunov says that the government pledged to protect this expenditure not every quarter but over the year as a whole. Consequently, the deputy believes, the government could quite easily also issue the budget sum in the last quarter, if not the last month. But how can products be produced now, where can be money be found for workers' wages? There is only one solution: Go cap in hand (as always) to commercial banks and take out a loan at a high interest rate. What will the outcome be? The funds allocated by the state for defense are to a considerable extent being diverted into the pockets of commercial structures. Who benefits from such a system? Anybody but the Army, anybody but defense industry workers. The Defense Committee chairman described the existing situation as a "direct violation of the Russian Federation Constitution whereby defense, whose funding is controlled by the state, is being funded on the residual principle

and money is being blatantly diverted from the federal budget into commercial structures."

What could rectify the situation, if only partially? Parliament believes that it is more effective and more sensible in all respects to allocate funds for the Army's needs only through federal targeted programs rather than through departments, as is the current practice. Departments which have been virtually 100 percent denationalized are "protecting their interest" by using "defense" money to help those enterprises and organizations they are going to consider necessary. While the interests of the Army and defense industry themselves could quite easily end up in last place here. As is nearly always the case. As regards the defense industry, the deputy considers it essential to adopt the defense order and the federal budget simultaneously, prescribing it in a separate item in the law.

The clearly waning budget, which is getting slimmer by the year, can in Piskunov's opinion can be saved if the list of open items of national defense expenditure is lengthened as much as possible. It is easier, less trouble, to cut a budget implemented "in general terms." But crossing a specific type of aircraft or missile off the list, thereby leaving the country without air defense systems, or "economizing" on the nuclear-powered submarine fleet and "making holes" in the state's nuclear shield is not simply a matter of pressing a button but of taking political responsibility.

But it looks as if nobody is going to want to take political responsibility for the current defense budget, which has, it emerges, been hastily pieced together. Moreover, everybody is making out that nothing is happening. So far the government has maintained a proud silence. But it is the government that must go to the State Duma with a proposal to bring defense budget items into line with the realities of the economy. The money is running out, and a "hungry" fall for the Army could in these circumstances become much more than just a metaphor.

The results of Armed Forces funding in the first quarter give grounds for the most radical and resolute measures unless, of course, Russia is to kiss good-bye to its defense capability once and for all.

Space Official: Cooperation With U.S. Beneficial
LD1306105895 Moscow ITAR-TASS in English
1051 GMT 13 Jun 95

[By Robert Serebrennikov]

[FBIS Transcribed Text] MOSCOW, June 13 (ITAR-TASS) — Space research cooperation with the United States will earn Russia 1,000 million U.S. dollars by

the year 2000, Valeriy Alaverdov, First Deputy General Director of the Russian Space Agency (RSA), has told ITAR-TASS.

Business cooperation between the two leading space-faring nations covers in particular the installing of American equipment on Russian satellites, the launch of satellites and spacecraft by means of Russian booster rockets, including Proton ones, and manned flights on board the orbital complex Mir, Alaverdov said.

In the opinion of the RSA Chief, the creation of a Mir-2 space station in 1997 when the Mir orbital complex will be wound up, will be an important area of Russian-U.S. cooperation.

According to preliminary estimates, the Mir-2 will begin to function fully in the year 2003. This will be an international orbital station open to cooperation with all countries. It will subsequently change its name for Alpha.

Mutually beneficial Russia-U.S. cooperation in space research will be promoted by an Agreement between the governments of the Russian Federation and the U.S. on a customs clearing procedure and duty-free importation of goods being transferred within the framework of Russian-U.S. cooperation in space research and peaceful uses of outer space.

The Agreement, which was ratified by the State Duma, the Lower House of the Russian parliament, on Friday, had been signed in December last year by Russian Prime Minister Viktor Chernomyrdin and U.S. Vice-President Albert Gore.

Federal Assembly

'National Union' Criticizes Serbia Sanctions

MM1306135095 (Internet) relcom.politics in Russian
2242 GMT 9 Jun 95

[Russian National Union-Information Bureau Bulletin No. 18: "Russian National Union Press Conference on the Subject 'Both World Wars Began in the Balkans. NATO Threat to Yugoslavia Is a Threat to Russia'"]

[FBIS Translated Text] A Russian National Union press conference on the subject "Both World Wars Began in the Balkans. The NATO Threat to Yugoslavia Is a Threat to Russia" was held in the State Duma 8 June.

Taking part in the press conference were State Duma Deputy S.A. Glotov, deputy chairman of the Russian National Union; State Duma Deputy N.M. Bezborodov; and P.M. Rozhok, chairman of the Tallinn Union of Russian Citizens and deputy chairman of the Estonian

Union of Russian Citizens, who has been expelled from Estonia twice.

Opening the press conference, Glotov drew attention to the situation in the Adriatic area, where the U.S. aircraft carrier Roosevelt is located, as well as ships from the French, German, Turkish, British, and Spanish navies. According to Glotov, "the situation is such that you can smell the threat of war."

The Muslim and Croat offensive is continuing in Bosnia and Herzegovina with the support of NATO forces, which are using laser devices to guide Croat strikes onto Serb positions as well as carrying out bombing raids from bases on Italian territory. This situation has forced the Serb Krajina leadership to take the extremely tough measures of taking UN officers hostage. In violation of international sanctions, supplies of heavy weapons to Croatia are continuing.

Glotov recalled that the Russian National Union and the "Russian Way" deputies' group have submitted for examination by the State Duma the question of the escalation of the military conflict in the Balkans. Glotov expressed satisfaction with the fact that this initiative has been supported by the Communist Party of the Russian Federation, the Agrarian Party of Russia, and the Liberal-Democratic Party of Russia factions.

Glotov advocated the idea that, in view of the NATO countries' direct military support of Croatia, the question of removing economic sanctions against Serbia should be raised because the U.S. and other NATO countries' actions came under the heading of "double standards"; that an end to military operations should be secured; and that any change in the status of the UN troops should be opposed.

Glotov drew the journalists' attention to the fact that there have been no cases of mass killings in the area where the Russian peacekeeping battalions are stationed.

Glotov called the replacement of the UN peacekeeping contingent by NATO troops the quickest step toward turning Yugoslavia into the arena for a new world war.

Glotov assessed the development of the situation in Yugoslavia as the acting out of a scenario for a new world war, consisting of several phases:

Phase 1 — claims about the violation of human rights

Phase 2 — talk to the effect that these violations have become widespread

Phase 3 — an offer to provide assistance in establishing order by introducing peacekeeping forces

Phase 4 — the introduction of peacekeeping forces

Phase 5 — the buildup of these peacekeeping forces

During the sixth phase, people start shouting about the peacekeepers' being ineffectual.

There follows a change in the status of the peacekeeping forces and their replacement by NATO forces.

Attempts were made to put this scenario into effect in Chechnya, but they were not entirely successful despite the fact that the first two phases had been passed through.

The Russian National Union's proposals for the next State Duma sitting include condemning NATO unilateral strong-arm actions in Bosnia and Herzegovina; instructing the Russian Federation government and president to oppose any change in the status of the peacekeeping forces in Yugoslavia or their replacement by NATO troops; and, in connection with the violations of the embargo on the supply of weapons to Croatia, discontinuing economic sanctions against Serbia.

Glotov reported that the first conclusions drawn by experts on the draft law on discontinuing economic sanctions against Yugoslavia have been positive.

Bezborodov noted that what was predicted on the basis of the results of a trip made by a group of Russian deputies to Yugoslavia in April 1994 is coming true, and he expressed the belief that this might not have happened if the Russian Foreign Ministry had conducted a more consistent policy. In Bezborodov's opinion, the situation "has approached a brink beyond which a conflagration could break out in Europe."

Glotov also noted that, when the Croat aggression began 1 May, the United Nations took no serious steps to avert military actions.

Petr Rozhok noted the symbolic aspect of the fact that the situation in the Baltic region and the situation in Yugoslavia had been linked in the course of the Russian National Union press conference, and he expressed the belief that if Russian diplomacy acted in the same way in the Baltic region as it was in Yugoslavia, the Baltic region could turn into another Yugoslavia.

Describing how he had managed to find himself in Estonia for the hearing on the circumstances of his second deportation (these facts are expounded in detail in a statement), Rozhok noted: "The Russian Federation Foreign Ministry is doing a very poor job on my problem and is listening to falsifications from the Estonian side." He expressed the conviction that the "profascist regime in Estonia may heed only economic sanctions."

Communists Initiate Debate on Founding Agreement

LD1306124195 Moscow ITAR-TASS in English
1047 GMT 13 Jun 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow, June 13 (ITAR-TASS) — The aftermaths of the Belovezhskaya Pushcha agreements, which laid the foundation for the Commonwealth of Independent States (CIS) in December 1991, were today included as a separate item in the preliminary agenda of the next Duma plenary meeting on the motion of the Communist faction.

The mps plan to discuss this question on Wednesday June 14. The item is entitled "On the Elimination of the Extremely Negative Political and Economic Consequences of the Belovezhskaya Pushcha Agreements of 1991".

The agreements to set up the Commonwealth, signed by the leaders of Russia, Belarus and Ukraine in Belovezhskaya Pushcha, which actually marked the collapse of the USSR, were long since in the focus of the Communist faction's special attention.

The Communists had declared immediately after the December 1993 elections that they would strive to "clarify the circumstances and also the socio-economic consequences" of those agreements.

However, they were so far unable to get this item included in the Duma's agenda. Their idea was backed in principle by the other mps only last week.

The draft resolution, drawn up by the Communists, claims that the "hasty and rash ratification by the RSFSR Supreme Soviet of the agreement on the creation of a Commonwealth of Independent States has produced extremely negative economic, political, social, demographic, and other consequences for the states formed on the basis of the Soviet Union".

The draft recommends the President of Russia to "implement practical measures to consolidate the economic, social, legal and other ties, fixed in the form of treaties among the former republics of the Soviet Union".

Federation Council To Examine Election Law

LD1306224495 Moscow ITAR-TASS in English
1903 GMT 13 Jun 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] Moscow, June 13 (ITAR-TASS) — The upper chamber of the Russian parliament on Wednesday will examine the new version of the law on elections to the State Duma, vetoed by the President.

The new edition of the law was elaborated by a trilateral Conciliatory Commission for examining the presidential proposals.

Speaking at the parliamentary hearings on the law at the upper parliament chamber on Tuesday, State Duma deputy Viktor Sheynis called upon members of the Federation Council not to "torpedo the arising agreement."

Assistant to the President Georgiy Satarov said at the hearings that the President considers the decision of the Conciliatory Commission acceptable and is ready to sign the law if the Federation Council approves it.

Co-chairman of the Conciliatory Commission, chairman of the Duma committee for legislation and judicial reform Vladimir Isakov pointed out that the commission came to the conclusion that "there is no need to break the already existing structure of the chamber, but at the same time agreed with the need to take into account the proposals of the regions on their broader representation in the parliament."

This is why the new version of the law stipulates that the party list of candidates who are not included in regional groups cannot exceed twelve people.

The deputies did not deny that they do not consider the law perfect, but its repeated turndown would lead to "the road of delays and detours, which might lead to obstructing the terms of the elections."

Member of the Conciliatory Commission, deputy chairman of the Federation Council committee on constitutional law and judicial issues Yelena Mizulina believes "there is a chance that the law will be adopted."

She expressed hope that the arguments voiced by State Duma deputies will influence the decision of the Federation Council. The verbatim report of the hearings will be distributed to all members of the upper chamber tomorrow.

Further on Consideration of Law

MK1406073095 Moscow SEGODNYA in Russian
14 Jun 95 p 2

[Report by Yelena Tregubova under the "Compromise" rubric: "Federation Council To Consider Law on Elections Today. Viktor Sheynis Is Convinced It Is More Important To Pass Laws on Shaping Election Districts and Monitoring Elections"]

[FBIS Translated Text] The Federation Council is to consider today a new version of a law on elections of deputies for the lower chamber of parliament drafted by a conciliation commission and passed by the State

Duma last week. Presidential aide Georgiy Satarov announced yesterday that "although the president cannot be completely satisfied with the work of the commission, because not all of his amendments had been accepted," and if the Federation Council, however, fails to approve the document agreed with the Duma, the head of state would sign it.

Vladimir Isakov, head of the Duma legislation committee, reiterated, during yesterday's parliamentary hearings, the main points of the "compromise version" of the law. Despite the president's demand, the Duma will keep the previous proportion — 50 percent of deputies elected on party lists and the same proportion of deputies elected in one-candidate districts. "The compliance with the regions' interests" is reflected in the fact that the parties are banned from including on their lists more than 12 candidates from the "center" — all the rest are supposed to represent the "regions." The Duma once again turned down the president's proposal on raising the "turnout bar" from 25 percent to 50 percent, as well as on holding the elections in two rounds.

Only one of Boris Yeltsin's requirements was upheld which, however, presidential aides also think to be of the greatest fundamental importance: the ban on government officials' participation in election campaigns was lifted. Instead the law will include the following formula: "After registration, no candidate for a deputy seat has the right to use the advantages of his office in the interests of being elected." As representatives of "Russia's Choice" claimed in yesterday's hearings, "Officials will, all the same, find a way to get around this provision;" members of the Gaydar party, however, support the passing of the document because "the elections should take place on time and in accordance with the law." "Yabloko" representative Viktor Sheynis added that "much more important is not whether the elections are held in accordance with whatever law, but whether it will be possible to monitor the legitimacy of holding them and to see if electoral districts have been justly shaped." Viktor Sheynis urged his colleagues to focus efforts precisely on the passing of corresponding laws.

Petr Permyak, Federation Council member of the conciliation commission, believes that his fellow senators will vote for the law because, if they do not and should the elections be disrupted, the upper house would be to blame. Besides, the Duma has already managed on one occasion to overturn the senate's veto of this law, and they are confident that they will manage to do it again if need be.

Yeltsin To Submit Defense Procurement Law

LD1306141095 Moscow ITAR-TASS World Service
in Russian 0742 GMT 13 Jun 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 13 Jun (ITAR-TASS) — Russian Federation President Boris Yeltsin will soon be submitting a new version of the law "On the state defense order" for the State Duma to consider, ITAR-TASS has been told by informed sources.

It has already been reported that on 7 June the president vetoed the law, passed by the Federal Assembly, "On the state defense order." This was because a number of clauses go against current legislation, primarily against the laws "On defense" and "On the supply of products for Federal state needs." The law also clashes with the Constitution of the Russian Federation, effectively stripping the head of state of a considerable part of his powers in the realm of developing weapons and military equipment, since it proposes that these powers be transferred to the government.

Russia's First Deputy Defense Minister Andrey Kokoshin told an ITAR-TASS correspondent that the idea of doing further work on the law "On the state defense order" should be "to enshrine in it a clear system for defining the state's responsibility to those supplying state orders and the responsibility of the suppliers to the state" and to avoid the possibility of any ambiguity in individual articles of the law.

A letter from Prime Minister Viktor Chernomyrdin to State Duma Chairman Ivan Rybkin said that "defining setting the state order as a task for the Russian Federation Government, as well as having the Russian Federation Government endorse the state order, as envisioned by this bill, goes against Article 5 of the Russian Federation law 'On defense'". Under this article, state programs and development plans for weapons and military equipment within the limits of allocated funds are to be approved by the president. It was suggested that the Duma work on the bill "On the state defense order" with a view to bringing it into line with current Russian Federation legislation.

Nevertheless, deputies passed this law with the active support of the State Committee for the Defense Industry. The Russian Defense Ministry explained to ITAR-TASS that the provisions of the law create a potential opportunity for the State Committee for the Defense Industry to order defense supplies on behalf of the state without being the user and while not being liable in law for the country's defense capability. There is no country in the world that does this; orders for defense supplies for everywhere else are only placed by those who under

the constitution may use these in specified situations. It follows that defense orders have to be placed by the Defense Ministry and not the State Committee for the Defense Industry.

A State Duma resolution on the Federal Law "On the state defense order" proposes that over the period 1995-96 the Russian Federation Government submit to parliament four new bills and amendments and supplements to five current laws. These include the laws "On defense", "On payments for land", "On taxing enterprises' assets" and "On customs tariffs". In practice this means that for two years the proposed law "On the state defense order" would not function.

It is precisely because of this, experts note, that the president is planning in the near future to put before parliament his own version of the law "On the state defense order," which would fit into legislation that is already current and take account first and foremost the interests of the country's defense capability and of the producers of weapons and military equipment.

Federation Council To Debate Agriculture Plight

LD1306205495 Moscow INTERFAX in English
1614 GMT 13 Jun 95

[FBIS Transcribed Text] Moscow, June 13 (INTERFAX) — The Russian Federation Council must shortly hold an additional session to debate the country's food security. This decision was reached by participants in the parliamentary hearing held by the council's Agrarian Policy Committee Tuesday on implementation of the legislation on purchases and supplies of farm products for state needs.

Committee chairman Vyacheslav Zvolinskiy said that the council will have the right to treat the critical situation in the country's agrarian sector as a political issue, going as far as expressing a lack of confidence in the government.

According to the Agriculture Ministry reports made available at the hearings, the dire economic straits the country's farming industry is in and the unfavorable weather in numerous parts of the country will cut the gross grain yield in 1995 to 75 million tonnes, a drop of 6.3 million tonnes compared to 1994 when the harvest was the worst in years.

The ministry reports also say that most farms are short of funds for preparing the machinery for hay and grain harvesting, repairing animal farms and paying wages.

The monthly wages of agricultural workers averaged 137,700 rubles compared to 410,000 rubles for industrial workers in January-April.

State support is insufficient. As little as 2.8 trillion rubles, or 33% of the total provided for this purpose in the national budget, have been made available to the farms and organizations of the ministry before June 1.

Regional Affairs

Further Reportage on Situation in Chechnya

Missing U.S. Citizen 'Alive'

MM1306161095 Moscow KOMSOMOLSKAYA
PRAVDA in Russian 14 Jun 95 p 2

[Report by Aleksandr Yevtushenko under the "Version" rubric: "Fred Cuny is Unharmd But Not Free"]

[FBIS Translated Excerpt] Chechnya — Fred Cuny, a U.S. citizen and staffer of the Soros Foundation who disappeared in Chechnya, has not been found yet. The search for him goes on. KOMSOMOLSKAYA PRAVDA is conducting its own investigation. All the more so since the people accompanying him — two Russian Red Cross doctors and Galina Oleynik, an interpreter — disappeared along with him. [passage omitted]

Fred's family have turned for help to a well-known clairvoyant in the village of Ordzhonikidzevskaya. She looked at Cuny's photograph and declared that he was alive and well but not at liberty. Next to Fred was a woman. But further away there was much death around. Yesterday Boris Agapov [not further identified] gave me information which is even more encouraging, if only because it is based not on crystal ball-gazing but on facts.

"The other day some people who had come from behind the front line told me that Cuny was alive and unharmd," Boris Nikolayevich said. "He is under guard. But the situation there is perfectly amicable. And it is hoped that Cuny will be able to return soon."

Gunmen Seize Hostages in Budennovsk

LD1406135095 Moscow ITAR-TASS in English
1300 GMT 14 Jun 95

[By Nikolay Styazhkin]

[FBIS Transcribed Text] Budennovsk, June 14 (ITAR-TASS) — Up to 30 armed men seized some 40 hostages in the southern Russian town of Budennovsk on the border with Chechnya on Wednesday. The terrorists advanced no demands, do not negotiate and continue attacks on local authorities, while Interior reinforcements are urgently sent to the clash area.

The Stavropol regional Interior department told ITAR-TASS that from 20 to 30 terrorists armed with submachine guns and grenade launchers burst into the town in the afternoon on two KAMAZ heavy trucks which were accompanied by a police UAZ cross-country vehicle which had been, evidently, stolen.

As for 16.00 hours Moscow time (12.00 GMT), the terrorists kept attacking the local bank and the mayor's office, as well as the local Interior department whose employees rendered fierce resistance to the gunmen. Earlier they seized the local telephone exchange where they took 40 staff hostage. The Interior department also said that small groups of terrorists are going along the town streets and fire on windows of residential houses trying to cause panic among local residents.

The Russian Interior ministry told ITAR-TASS that a special headquarters had been immediately created to deal with the attacks. It is headed by the chief of the Stavropol region Interior department.

Officials in the Russian Interior ministry refused to comment whether the attackers were Chechen militants, however recalled the statements of their leaders that acts of terrorism may be staged after the loss of the last bastion of Shatoy in Chechnya.

Separatist leader Dzhokhar Dudayev told ITAR-TASS Wednesday that the loss of Shatoy did not mean the end to the war. It only acquired new forms, he said.

Budennovsk is situated close to the Chechen border.

[Moscow ITAR-TASS in English at 1301 GMT on 14 June, in another Budennovsk-dated item by Nikolay Styazhkin, adds the following: "The armed men who seized some 40 hostages in the southern Russian town of Budennovsk on Wednesday and attacked police and administrative buildings there have reportedly arrived from Chechnya in coffins which were believed to carry dead Russian soldiers.

"According to unverified reports, the two KAMAZ heavy trucks which brought the terrorists to Budennovsk situated close to Chechnya succeeded to cross the border by stating that they were carrying "cargo 200", a codename for dead Russian soldiers. It is regarded as blasphemy to check the cargo.

"However, it is hard to verify the reports as the leadership of the Stavropol Interior department ordered a blackout on all official reports and journalists are limited to secondary sources of information."

'Terrorists' Moving Toward Chechnya

*LD1406142995 Moscow ITAR-TASS World Service
in Russian 1347 GMT 14 Jun 95*

[ITAR-TASS correspondent Nikolay Styazhkin]

[FBIS Translated Excerpt] Budennovsk, Stavropol Territory, 14 Jun — The presence of numerous hostages, between 50 and 200 according to various unofficial sources, makes it more difficult for the militia subunits to carry out an operation to render the bandits harmless once and for all. The terrorists took some local residents hostage and toward evening began to retreat from Budennovsk group by group.

The route of their retreat is taking them through villages deep in the Budennovsk district of Stavropol Territory in the direction of the administrative border with Chechnya.

There are killed and wounded in Budennovsk. The first to be hospitalized were the crew of a Russian helicopter downed by the Chechens — all four crew members received injuries and traumas of various degrees of severity. Additional ambulances have arrived in Budennovsk from four neighboring districts of Stavropol Territory to give help to the victims.

Several buildings and some cars are on fire in the town.

Communications with Budennovsk have been restored since the terrorists were forced out of the telephone exchange.

Retreating from the town, the terrorists announced that they had mounted this especially cruel act with the demand that the Russian authorities immediately end all combat actions in Chechnya and withdraw the federal forces from the territory of the republic. [passage omitted]

Further Details on Budennovsk Incident

*LD1406165095 Moscow Mayak Radio Network
in Russian 1530 GMT 14 Jun 95*

[FBIS Translated Text] According to precise information received, about 80 Chechen terrorists took part in the attack on the Stavropol town of Budennovsk. They were armed with automatic weapons and grenade launchers. Russian Interior Minister Viktor Yerin flew out to the Budennovsk region today. He interrupted his participation in the conference of heads of CIS Interior ministries in Tbilisi. The State Duma intends to issue a statement in the near future on the events in Budennovsk. Duma Speaker Ivan Rybkin stressed that this conflict must not be allowed to spill over to other parts of Russia. And now, with the latest news from Stavropol Territory is our correspondent Pavel Guskov:

[Guskov] Dear Mayak listeners! I cannot say "good evening" to you at the moment. The nearer one approaches evening the more tragic the news is from Budennovsk.

First of all, it may be said that it is already now clear who the organizers of this criminal act are. The terrorists first of all raised the flag of the self-proclaimed Chechen Republic over the administration building in Budennovsk. The flag has now been taken down. But, by all accounts, this was not an isolated act; also today, at the end of the afternoon, an attempt was made to organize the derailment of a train on the Rostov-Mineralnyye Vody line. Some unknown persons blocked the line, but the train stopped in time and pushed the obstruction off the track. An investigation is underway.

As far as the events in Budennovsk are concerned, they have still not come to an end. I have already reported that the main group of fighters — it is now clear that they got in not only in two Kamaz trucks or militia cars, but also in two buses, with one of them bearing Dagestani number plates and the other appeared to have been seized in the region of Mineralnyye Vody. These people acted just like thugs. Some 20 or so people have been found shot in the garages of the town's administrative buildings. There are a lot of dead bodies — of women and children — lying in the streets. Seven members of the militia have been killed — six or seven, this is now being verified. There are also losses among the terrorists. But, having been forced out of Budennovsk they are continuing their criminal actions. It is clear that the terrorist snipers who broke into the town are training aimed fire from the roofs of the single-story buildings in micro-rayons 5 and 7 in Budennovsk on anything that moves, irrespective of whether it is a child, man, or woman.

The Stavropol Territory authorities and the military are taking urgent measures; a number of large units of the SOBR [expansion unknown], the OMON [special security forces], and federal security service groups have been sent to the area. The main directorate of the president's security guard is being drawn into this operation. Apart from Deputy Interior Minister Yegorov, who has now arrived in Budennovsk, as my other Mayak colleagues have already reported, Russian Interior Minister Yerin, who is in Tbilisi, is flying out, and some time in the evening Nikolay Yegorov, minister of Nationalities Affairs and Regional Affairs, will be arriving.

Russian Prime Minister Viktor Chernomyrdin has just received detailed information on the situation in the territory and the situation in Budennovsk during a

telephone conversation with Shiyarov, deputy head of the Stavropol Territory administration. We will be informing you about the development of the situation. But for the moment let us bow our heads to the memory of the innocent victims, and let us hope that the culprits — only the culprits — receive their punishment. Let us hope that this incident does not give rise to interethnic enmity in the south of Russia.

Plan To Blow Up Factory Revealed

LD1406135695 Moscow ITAR-TASS World Service
in Russian 1320 GMT 14 Jun 95

[By Olga Semenova, ITAR-TASS correspondent]

[FBIS Transcribed Excerpt] Moscow, 14 Jun — The terrorists, who are clearly linked to illegal Chechen armed formations, planned to blow up a polymer materials works in Budennovsk and trigger an ecological disaster in the region. ITAR-TASS learned this from well-informed sources. Judging by everything, the raid was carefully planned.

According to data which are as yet unconfirmed, the terrorist group is dispersed and is trying to retreat under the cover of the hostages it has taken. The numbers of hostages are thought by various sources to vary between 50 and 200. Apparently the plans of the bandits were foiled by the organized resistance of the local militia and the bandits then started to take hostages and sow panic in the town, a source said. [passage omitted]

Downed Helicopter Crewmen Survive

LD1306142095 Moscow Radio Rossii in Russian
1100 GMT 13 Jun 95

[FBIS Translated Text] Three crewmen of the helicopter belonging to federal forces which was downed yesterday in Chechnya near Shatoy survived. It is thought that the Mi-8 helicopter was downed by a ground-to-air installation when supplying arms, ammunition, and food to the area where paratroopers were landing near Shatoy. Colonel Nikolay Malyshev, head of the ground forces' press center, told RIA that despite serious damage, the pilots managed to land the aircraft. The aircraft's on-board equipment suffered damage.

Ministry Confirms Capture of Shatoy

LD1306170695 Moscow ITAR-TASS World Service
in Russian 1620 GMT 13 Jun 95

[By ITAR-TASS correspondents Boris Kipkeyev and Mikhail Shevtsov]

[FBIS Translated Excerpt] Moscow, 13 Jun — The Russian Defense Ministry's press and information directorate has told ITAR-TASS that Federal troops assumed

full control over the district center of Nozhay-Yurt (about 60 km southwest of Grozny) at 1640 Moscow time today and fully sealed off and occupied the last of the major strongholds of Dudayev's formations—the settlement of Shatoy (Sovetskoye), about 60 km south of Grozny,—by 1729.

According to Lieutenant General Gennadiy Troshev, commander of the Defense Ministry's Group of Troops in Chechnya, Shatoy and the nearby settlements are currently being cleared of scattered groups of militants, and the handover of weapons and ammunition is being organized.

ITAR-TASS has no information on the operation or losses at this hour. [passage omitted]

Dudayev Reportedly Wounded

LD1306151495 Moscow Mayak Radio Network in Russian 1417 GMT 13 Jun 95

[FBIS Translated Text] Now more news on Mayak. Over to our correspondent in the north Caucasus Pavel Guskov. Good day!

[Guskov] Good day! Right now I am unable to obtain any further information about what I have just heard. I can neither confirm or deny the news, but after spending the past six months reporting about events in Chechnya following the introduction of Russian troops I think that the news I have just heard could be important. It has become known from unofficial but quite well-informed sources that Dzhokhar Dudayev was operated on somewhere in the area of Shatoy at a base of Dudayev's militants after he had been wounded. It is not known whether Dudayev was wounded in Russian attacks or as a result of infighting.

There is also information that Aslan Maskhadov, commander of armed formations of Dzhokhar Dudayev, has allegedly absconded with a large share of, or indeed the whole treasury of Grozny's former dictator. One must take into account that some time ago reports that Geliskhanov, head of the security service, had betrayed Dudayev later turned out to be false. However, there is also the third bit of news that indicated that events in the north Caucasus will probably develop very fast in a few hours. Extraordinary security measures have been taken at the region's airports — probably, to prevent top ranking officials from Dudayev's entourage from trying to break through. I must repeat, I can neither confirm nor deny this information, but I deem it very important and therefore think it is worth reporting.

Dudayev Representative Confirms Injury

LD1306193095 Moscow ITAR-TASS World Service in Russian 1850 GMT 13 Jun 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 13 Jun (ITAR-TASS)—"We have information that Dzhokhar Dudayev is wounded," Movlen Salamov, a representative of Dudayev's administration, said today.

In a telephone conversation with an ITAR-TASS correspondent by satellite link, he said that he "has so far unconfirmed information that Dudayev received various degrees of injuries in the arm and the leg" during today's fighting for the village of Shatoy. Salamov said that, "according to the same information, Dudayev is currently in the outskirts of Shatoy."

Dudayev on Shatoy; Denies Injury

LD1406075295 Moscow ITAR-TASS in English 0743 GMT 14 Jun 95

[By Nadezhda Chaykova]

[FBIS Transcribed Text] MOSCOW June 14 (ITAR-TASS) — Dzhokhar Dudayev recognised today in a telephone interview with ITAR-TASS that by Tuesday night [13 June] the populated localities of Shatoy and Nozhay-Yurt had been taken under their control by the federal troops. He said, however, that "the struggle it not over, it is just taking new forms."

Dudayev refuted reports about his injury, that appeared recently. He refused to elaborate on the tactics of future actions of the armed groups, which are loyal to him.

Khozhi-Akhmed Geliskhanov — one of the field commanders who defended Nozhay-Yurt, said that "men from the armed groups left those populated localities, because they did not wish to put in jeopardy the life of the civilians, who remained there."

Last Phase of War 'Over'

LD1406124295 Moscow ITAR-TASS in English 1148 GMT 14 Jun 95

[By Nikolay Zagnoyko]

[FBIS Transcribed Text] Shatoy, Chechen Republic, June 14 (ITAR-TASS) — "The last phase of the mountain war in Chechnya is over with the liberation of Shatoy. This town is the last out of 12 Chechen district centres freed by federal troops," Colonel-General Anatoliy Kvashnin, commander of the North-Caucasian Military District, said in an interview with ITAR-TASS here on Wednesday.

The Russian flag was hoisted over the central square in Shatoy on Wednesday afternoon.

According to Kvashnin, "squabbles started" among supporters of separatist leader Dzhokhar Dudayev. Referring to data of radio interception, the general noted that these squabbles, as it could be expected, centre on "money and accounts at foreign banks".

Dudayev "has vanished from the political scene for good", Kvashnin claimed.

Turning to particulars of the operation on liberating Shatoy, the commander said that federal forces prevented destruction of this mountain town in southern Chechnya during the assault, "although Shatoy is an almost inaccessible inhabited locality from the military point of view".

It is located in a gorge surrounded by mountains from all sides. "But we managed to preserve homes for people," the general stressed. He also said that, following the army operation in the area of Shatoy, interior troops are now in command here.

They face also a difficult task, since dispersed groups of mercenaries remain now in mountains, including many former convicts, the commander added.

Rebel leader Dudayev confirmed today the capture of Shatoy and the village of Nozhai-Yurt by federal troops. However, the leader of illegal rebel detachments said that "the struggle is not over, it assumes new forms".

Dudayev refused to comment on the tactics of further actions by his remaining detachments. He also refuted reports about his wounds.

Six federal troops were killed and 25 wounded in an assault on Nozhay-Yurt and at approaches to Shatoy over the past 24 hours.

According to information available to the command of federal troops, mercenaries made up 60 percent of gunmen which participated in battles at the Nozhay-Yurt direction. They included gunmen from North-Caucasian republics and foreigners.

Chechen Opposition Said Fragmented

LD1406121095 Moscow INTERFAX in English
1042 GMT 14 Jun 95

[FBIS Transcribed Text] Grozny, June 14 (INTERFAX) — According to the information of the command of the Joint Federal forces in Chechnya, remnants of Dudayev's armed formations can be conditionally divided into four groups after the downfall of the populated centers of Shatoy and Nozhay-Yurt. A representative of the command reported to INTERFAX that the remained groups are stationed to the south from Shatoy

in the gorge of Dargo (the Shatoy region), where Aslan Maskhadov is probably hiding, namely near in the region of Nozhay-Yurt and on the Chechen-Ingush border near the mountain village of Bamut.

Representatives of the federal command do not rule out that fighters have several units of armed vehicles.

Military men believe that the fighters will use the tactics of "forest brothers" after the loss of their last large strongholds.

According to the last information, currently leadership of the illegal armed formations is actively looking for variants to withdraw in Dagestan and Georgia.

Groups of fighters blocked near the populated centers of Agishty, Makhkety, Elistandzhi and to the south of Verkhneye Vedeno undertake efforts to break to the regions of concentration of the defeated Shatoy grouping to the south of Shatoy.

The command reports that over Tuesday the federal forces eliminated 71 fighters, primarily while seizing Nozhay-Yurt, without taking into consideration Shatoy's assault.

Soskovets Urges Army Discipline

LD1406101495 Moscow ITAR-TASS in English
0954 GMT 14 Jun 95

[By Oleg Velichko and Andrey Serov]

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — Russian first vice-premier Oleg Soskovets instructed commander of federal troops Anatoliy Kulikov to take most resolute measures to improve discipline among commandos in Chechnya, ITAR-TASS learnt at the first vice-premier's office here on Wednesday.

According to information from Nikolay Semenov, head of the territorial administration of federal bodies in the Chechen Republic, discipline is low at commandos units stationed in the republic, and there is no cooperation in actions with Russian Defence Ministry units.

Commenting at a request of journalists on the instruction by Soskovets, Semenov said that a convoy with humanitarian aid, driving from Mozdok via the Chervlenaya railway junction, was fired on by federal troops recently due to negligence of commandos.

Semenov stressed that commandos committed two unpardonable blunders: they did not forbid the convoy's movement at nighttime and forgot to warn the neighbouring post of federal troops of the convoy.

Troops at the post gave a warning volley at the approaching convoy. All the trucks switched off headlights

right after this. Thinking that Chechen rebels are about to attack them, troops opened fire to hit.

"These outrageous things must be stopped," he stressed. Semenov noted that he gave orders, in compliance with the instruction of the first vice-premier, to inform territorial administration of all movements of convoys with cargoes.

From now on, units of the Chechen Interior Ministry will meet all convoys near the village of Znamenskoye (on the border with the Ingush Republic) and take them under their protection.

Official on Arms Supplies to Dudayev

*LD1306171395 Moscow INTERFAX in English
1306 GMT 13 Jun 95*

[FBIS Transcribed Text] Moscow, June 13 (INTERFAX) — Moscow believes that the authorities of neither Azerbaijan nor Turkey are responsible for arms supplies to Dudayev's military formations in Chechnya, a senior Russian Foreign Ministry official has said.

He spoke in the wake of media reports claiming that the Turkish terrorist organization Grey Wolves was supplying Dudayev's fighters with military hardware through Azerbaijan.

The diplomat said Baku agreed that control on the border was inadequate and was prepared to cooperate with Russia in beefing up border defense.

The source also said that Moscow had asked Ankara to halt the smuggling of arms to Chechnya from Turkey.

"Whenever we present concrete facts, the Turkish authorities are eager to meet our requests and hold investigations," the Russian Foreign Ministry official said.

Chechnya To Hold Elections 5 Nov

*LD1406154895 Moscow ITAR-TASS in English
1431 GMT 14 Jun 95*

[FBIS Transcribed Text] MOSCOW, June 14 (Itar-Tass) — Chechnya's National concord committee met in Grozny on Tuesday to set the date for elections to the republic's bodies of representative power. Russia's government information directorate announced today that the date was set for November 5, 1995.

The Committee approved the regulations for the elections, the directorate reported.

"Constitutional bodies of power are being restored in the residential centres in line with the liberation of the republic's territory from illegally armed groups," the committee report said. "This was done in Nozhay-Yurt on June 11, and on June 14, representatives of the acting district administration, the National concord

committee, and the government of national revival moved into Shatoy freed from the rebels in order to organise work of the administration and other vitally important structures".

According to the secretariat of the territorial administration, scholars, members of the public and officials of the provisional administration of the Chechen republic met in Grozny on June 10 to discuss the fundamentals of the constitutional system of the Chechen republic.

The conference worked out recommendations and guidelines for a future state system in Chechnya. Most participants spoke in favour of a parliamentary republic and against introducing presidency in Chechnya.

The conference supported the idea of including in the future constitution a provision for having a representative of the President of the Russian Federation in the Chechen republic.

Provisional bodies of power were recommended to hold a republic-wide referendum on the Constitution of the Chechen Republic in autumn of this year.

Semenov on Situation for Elections

*LD1406111295 Moscow ITAR-TASS in English
1057 GMT 14 Jun 95*

[By Oleg Velichko and Andrey Serov]

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — The situation in Chechnya allows the holding of elections to local governing bodies already now. This view was expressed to journalists here today by Nikolay Semenov, Head of the Territorial Administration of Federal Executive Power in the Chechen Republic.

He believes that parliamentary elections could be held in October or November. Semenov objected to the discussion before the elections of the Assinovskaya Cossack village's request to be excluded from the Chechen republic and joined to Ingushetia. "If we want the situation to stabilise, we must not even discuss this problem today," Semenov stated. "Such discussions will be possible after the Chechen elections, when the situation becomes calmer."

"The work of the Chechen industry is to be resumed next year," he added, "whereas the main task today is to restore the most vitally important facilities. Expenditures from the Federal Budget on the revival of the Chechen economy will amount, I believe, to 5-6 trillion roubles in 1996."

Council of Europe Observers on Chechnya Tour

*MM1406102095 Moscow ROSSIYSKIYE VESTI
in Russian 14 Jun 95 p 3*

[Report by Lyubov Tsukanova: "Russia Open To Council of Europe"]

[FBIS Translated Text] A delegation from the Council of Europe Parliamentary Assembly headed by Mr. Lopez Genares (Spain), chairman of the Council of Europe Parliamentary Assembly Commission for Legal Affairs and Human Rights' Subcommittee on Human Rights, was working in Russia 4 through 11 June. The delegation included representatives of the FRG, Romania, Spain, the Netherlands, Poland, Switzerland, and Estonia.

The delegation's visit to Russia was linked to the decision made by the January session of the Council of Europe Parliamentary Assembly to suspend examination of Russia's application to join the Council of Europe pending submission of a report on the observance of human rights in Russia — and particularly in the Chechen Republic. In this sense, Vladimir Podoprighora, chairman of the Federation Council Committee for International Affairs, said, the delegation's visit to Moscow and tour of the North Caucasus is of key importance. The delegation's conclusions will determine whether the Russian application is examined further this year.

Vladimir Podoprighora, who accompanied the delegation on its tour (it visited Vladikavkaz, Mozdok, Nazran, Grozny, Nalchik, Assinovskaya Village, and the population centers of Shali and Znamenskoye), noted that the delegation members, who were able to meet with the population in Chechnya and neighboring republics, were able to see at first hand how difficult the processes in the North Caucasus are. For many of them it came as a surprise that human rights had been violated by the Dudayev regime before hostilities began. The delegation documented all the facts and paid particular attention to eyewitness testimony. In the Russian representatives' opinion (State Duma Deputies Vladimir Lukin and Sergey Zapolskiy had accompanied the delegation to the North Caucasus), the mistrust which the delegation members initially experienced was gradually overcome by the openness shown by federal structures and their cooperation in organizing any meetings in the North Caucasus and Moscow. The delegation visited refugee settlement centers and a filter camp in Grozny and had many meetings with the population, in which residents of Chechnya and neighboring republics openly voiced their attitudes to the Dudayev regime, to the federal authorities' actions, and to the local administration's actions in the conflict zone.

The delegation's report will be submitted to the next session of the Council of Europe Parliamentary Assembly in Strasbourg in late June, and a delegation from the Parliamentary Assembly's Political Commission intends to travel to Russia in early July.

Soskovets Chairs Chechnya Restoration Meeting

*MM1406142295 Moscow ROSSIYSKAYA GAZETA
in Russian 14 Jun 95 First Edition p 1*

[Report from ROSSIYSKAYA GAZETA/TAR-TASS column under "Events of the Day" rubric: "Resources for Chechnya"]

[FBIS Translated Text] Russian First Vice Premier Oleg Soskovets yesterday chaired a session of the State Commission for the Restoration of Chechnya's Economy and Social Sphere.

Questions of authorized commercial banks' funding restoration work in the republic, the organization of the harvest campaign, and the payment of benefits to Chechnya's inhabitants were discussed. This year restoration work costing 1.43 trillion rubles [R] has been financed and over R4 billion in wage arrears and R17.4 billion in pension arrears have been paid.

PRAVDA Reports on Developments in Chechnya

*MM1406085595 Moscow PRAVDA in Russian
14 Jun 95 p 1*

[Report by Nikolay Kozhanov: "Chechen War Is Six Months Old: Is the End Near?"]

[FBIS Translated Text] The federal troops in Chechnya have come right up to the mountain settlement of Shatoy, the last bulwark of Dudayev's forces. A powerful assault force has been landed behind the defending lines. And it is not out of the question that when readers receive this issue of the newspaper the Russian flag will already be fluttering above Shatoy, drawing a line (the last line?) under the six months of bloody tragedy which has reduced the republic to ruins and cost us all many thousands of human lives.

But what are the Dudayev supporters' further plans? There would seem as yet to be no mention of their mass capitulation although to judge by local reports many gunmen individually or in small groups are trying to leave the fighting zone and go into hiding on the territory of neighboring Ingushetia and Dagestan. The Dudayev leaders themselves continue to assert that the resistance is far from ended and it is only a case of a "change of tactic," that is the organization of mass guerrilla warfare, the gunmen's infiltration of regions occupied by the federal forces, and the development of acts of terrorism and subversion.

How realistic are their plans? The firing on checkpoints in Grozny, the ambushing and mining of roads, and the fire which broke out recently at the oil base in Khasavyurt ~~near~~ to Chechnya — all this attests that the Dudayev supporters' threats are far from unfounded. But on the other hand the Chechen people themselves, mortally tired after six months of destructive war imposed on them by Dudayev's criminal regime, will hardly tolerate the terror and atrocities on their land for long. Military defeat makes any use of "strong-arm" methods of struggle pointless. Stable peace is needed, skilled political decisions are needed which in no way belittle the Chechen people's dignity and their right to sovereignty within the Russian Federation.

Cossacks Request Secession From Chechnya

*MK1406074095 Moscow SEGODNYA in Russian
14 Jun 95 p 2*

[Report by Natalya Gorodetskaya under the "Ingushetia" rubric: "Civilian Aircraft Comes Under Fire in 'Sleptsovskaya' Airport. Cossacks of Assinovskaya Village Decide To Secede From Chechnya"]

[FBIS Translated Excerpt] Residents of the Chechen village of Assinovskaya, located on the border with Ingushetia, decided at a general meeting 10 June to secede from Chechnya. In the Cossacks' view, only the Ingush leadership can protect them from arbitrary actions by "the Dudayev regime and indifference on the part of the federal authorities." In their appeal to the Ingush leadership, the Cossacks write that the people, who are "in a desperate and helpless state" and who are unsure about their future, are leaving their homes: During the past three years the population has declined from 8,000 to 2,000 people, for which reason they request that their village be included in Ingushetia. Possibly, a local referendum will be held for this purpose.

Koreysh Agasiyev, press secretary of Ingush president Ruslan Aushev, told your SEGODNYA correspondent 13 June that the appeal by residents of Assinovskaya is currently being studied by the republic's justice ministry. If the lawyers give a positive opinion on the document from the legal point of view, it is possible that a request for changing Ingushetia's border with Chechnya would be sent to the Russian parliament. But in any event, Mr. Agasiyev emphasized, this will not happen overnight, because borders can only be changed by agreement between the leaders of both republics. [passage omitted]

On 12 June, a military helicopter without identifying marking fired on the Tu-134 civilian aircraft in the Ingush airport of "Sleptsovskaya." It is so far unclear

why this was done, Kureysh Agasiyev said. Nor has it been established whose helicopter this was. Mr. Agasiyev is certain, however, that this was clearly a military helicopter and that it arrived from the direction of Mozdok and flew away in the same direction. This was confirmed by Russian servicemen protecting the airport. The Ingush president's press secretary believes that this was a Russian helicopter, because "there can be simply no other gunship helicopters in Ingushetia or adjacent areas, where helicopter squadrons pass by every 20 minutes."

The helicopter was accompanied by two Sukhoi aircraft, ITAR-TASS reported yesterday. The scale of damage has already been assessed: the aircraft of the Rosaviatur airline received 23 shell holes, and it will take 10-15 billion rubles to repair it. The Tu-134 was not going to take off because the airport of "Sleptsovskaya" has been closed since 10 June at the directive of the Central Command Post of the Russian Air Defense Forces "in connection with the inability to guarantee flight safety," Magomed Khashagulgov, airport chief, said. Currently, the airport runway is protected by a Russian armored personnel carrier.

Protection of the Mozdok military airport and the North Ossetian airport of Beslan has also been reinforced.

Relief Money for Sakhalin 'Lost' in Banking System

*MM1406091395 Moscow ROSSIYSKAYA GAZETA
in Russian 14 Jun 95 First Edition p 1*

[Report by Vladimir Kucherenko: "Is the Money Getting to the Disaster Zone or Settling in the Pockets of Intermediaries?"]

[FBIS Translated Text] An incident occurred 7 June. In the course of a television linkup S. Shoygu, head of the Ministry for Affairs of Civil Defense, Emergency Situations, and the Elimination of Natural Disasters, announced that 36 billion rubles [R] had been transferred to Sakhalin Oblast Administration to eliminate the aftermath of the earthquake, whereas it had denied receiving the money. On the same day something similar also happened in the commission for rebuilding the economy of the Chechen Republic. It was a question of R30 billion targeted to pay the wages of employees in the budget-funded sphere there.

What had happened? Another affair of missing treasury rubles?

On 8 June Sakhalin Governor I. Farkhutdinov announced that funds for compensation payments to the residents of Neftegorsk had not been transferred by the Ministry of Finance, and there was nothing with which to pay either the 20 times the minimum wage rate to

each of the city people, or the 200 times the minimum wage rate to the families of the dead, or the R50 million in compensation for lost property. He said that the employment and social insurance funds alone had transferred approximately R6 billion.

Owing to the limited nature of the funds, the people of Neftegorsk are being paid only single allowances, which amount to approximately R9 million for each victim. At the present time there is nothing with which to pay compensation for lost property, the Sakhalin governor said.

The Ministry for Emergency Situations, to which we turned for an explanation, said that the payment of compensation was a matter for the "social bloc" departments. As for the rescue workers themselves, they had been given not R36 but R30 billion. As long ago as 30 May R15 billion of this had been transferred to the Sakhalin Administration for emergency rescue work. Through Central Bank channels, to its cash payment center in Yuzhno-Sakhalinsk. Some R70 million had been transferred to Sakhalin Oblast's Civil Defense Staff. The same amount had been transferred to pay for emergency work. The Ural and Far East centers of the Ministry for Emergency Situations had received R2.342 billion.

The rest of the funds were transferred to various commercial structures (mainly in Moscow) and to the airlines which delivered baby food, clothing, [?protective] gloves and goggles, respirators, and fuel to operate the airlift. As of 8 June, the residue of the funds totaled R9.5 billion. A further R2.14 billion is being readied for payment to Moscow's "Avist" Closed Joint-Stock Company for military-style special clothing, and to the "VMM" Cooperative Production Enterprise for 3,000 pairs of special gloves.

K. Buravlev, Russian Federation deputy minister of finance, reports that he does not quite understand the Sakhalin authorities' attacks. During the very first hours after the tragedy the Russian Federation president gave permission for the use of funds from any account. The aforementioned R30 billion was at once allocated to the Ministry for Emergency Situations, and half of this was given to the regional administration — to spend at its discretion.

Some R2 billion was at once given out through the Federal Migration Service, the same amount again two days later, and R9.5 billion on 7 June.

Some R5 billion was sent directly to the Sakhalin Administration 6 June in the form of current payments to give budget-funded loans to the residents of Okha — neighbors of the people of Neftegorsk. So that they

could leave the danger zone for a while. As for the employment fund, on the very first day First Vice Premier O. Soskovets ordered the governor to take R4.3 billion from it and to use it for compensation.

How do things stand with the R30 billion earmarked for payments to employees in the budget-funded sphere in Chechnya? At a session of the government commission for rebuilding the economy of the Chechen Republic P. Surov, its deputy chairman, declared that it should have reached people back in May but did not.

Buravlev assures us that the money was sent, and S. Khadzhiyev's government of national revival found it. The holdups are associated with the fact that the banking system of the Chechen Republic has been destroyed. It was only at the beginning of June that the Central Bank managed to deploy field cash payment centers in the republic. The government of the Chechen Republic is being served at a branch of the Kredobank, and the local treasury at a branch of Menatep.

"So the money got lost while funds were passing through intermediaries. But the Chechen minister of finance telephoned me 6 June to say that the money had been found. We are now including in the expenditure a further R47 billion of purely budget-funded money in subsidies to the new authorities in the Chechen Republic," Buravlev said....

So, we have not yet detected any loss of taxpayers' money. But it is rather too soon to dismiss this affair. There is inadequate control over the local authorities, which can "lose" money in the branches of just two commercial banks.

An investigation is also needed in Sakhalin. If the governor is telling an untruth, he should be punished for provocative statements which arouse public indignation. But if the money really has gotten "bogged down," the reasons why and the specific persons responsible must be found.

Sakhalin Commission Earthquake Toll Final Figures

OW1406100895 Yuzhno-Sakhalinsk
Teleradiokompaniya Sakhalin Television Network
in Russian 0055 GMT 14 Jun 95

[V. Gorbunov report over video; from the "As of This Hour" newscast of the "Evening Panorama" program]

[FBIS Translated Text] Vice Governor Vitaliy Gomilevskiy reported at this morning's [13 June] session of the oblast commission for emergency situations that rescue operations in Neftegorsk have been concluded. Detachments of rescue workers have

already departed from Sakhalin. A letter of gratitude from the oblast administration was presented to every rescue worker. Presently 170 construction workers, 100 policemen who are ensuring public order, and about 500 residents of Neftegorsk remain at the site of the catastrophe.

It has been finally established that on the night of the tragic event there were 3,197 people in the settlement, including about 150 from other towns who were visiting relatives in Neftegorsk. Rescuers pulled 2,500 people from the rubble and 1,989 died from injuries or perished in the ruins. The list of survivors comes to 1,208 people, including 54 children of whom 50 have been orphaned.

The temporary administration of Neftegorsk settlement and the rayon commission for compensation payments are operating under tense conditions these days. As of the morning of 12 June, 1,038 people have received payments and compensation amounting to a total of 4.139 billion rubles. At the session, Vitaliy Gomilevskiy appealed to the oblast дума to quickly adopt an oblast regulation so that in view of the emergency situation inheritance of property issues could be solved in two to three months rather than six months.

Shumeyko on Kaliningrad's Role, Elections

WS1306123095 Kaliningrad KALININGRADSKAYA
PRAVDA in Russian 31 May 95 pp 1-2

[Interview with Russian Federation Council Chairman Vladimir Shumeyko by B. Nisnevich; place and date not given: "My Political Motto Is To Consolidate the Power"]

[FBIS Translated Text] [Nisnevich] Vladimir Filipovich! Of course, you know about the situation in Kaliningrad resulting from the introduction of presidential edict No. 244 and the State Duma law that abolished the favorable conditions for exports and imports. Do you know who was affected by this step? Do you see a way out of the blind alley created by the authorities for our oblast, which is at a dead end anyway.

[Shumeyko] Of course, a way out exists. If we go back to the presidential edict of 7 December 1993, we recall that it did not make an exception for one oblast. But the favorable terms considered the oblast's special location — in isolation from Russia. And they positively influenced the economy. The cancellation of import and export duties attracted many people. However, the edict had the following penultimate paragraph: To submit the edict to the Federal Assembly of the Russian Federation. Beginning 12 January 1994, the assembly commenced to function as a body with two chambers, and the president became head of state. However, he

did not become head of the executive authority, and a legal clash occurred, easy to solve at first glance. The law, initially entitled "On the Status of Kaliningrad Oblast," had already been introduced. We, all the deputies representing the oblast at all levels, did our best to convince the legislators; however, the deputies of the State Duma maintained that all 89 subjects of the Russian Federation have to be equal in accordance with the Constitution. As for the special terms, the deputies stated that those could be resolved by the government's decree on Kaliningrad Oblast. However, they were perfectly aware of the fact that all issues concerning taxes and financial activities were within their competence.

At the time when the government was passing its program for 1995-1997, when the Federal Budget Law was being passed, it became obvious: Russia had so many favorable terms for export and import duties that the budget constantly suffered. So they made the rules uniform. They canceled everything and for everyone. Among others, the president canceled his own edict of 7 December.

The "synchronization" of those two documents obviously were not in step. We could have prepared the recent decree for the oblast....

The cancellation of favorable duties strongly hit Kaliningrad's people. I have significant documents — I especially requested them. For instance, the "Rechdan" Russian-Danish joint enterprise signed an agreement to construct a ship of the "Russia" class in Sormovo, and bought \$1.4 million worth of foreign equipment for this purpose. Now the enterprise has to pay additional customs duties in the amount of \$400,000. Due to those terms, the contract naturally, terminated. I have a file full of similar materials....

Immediate measures had to be undertaken. Yuriy Semenovich Matochkin came.... Thus, the procedure to compensate for the losses of entities involved in foreign activities was introduced, and this procedure is now in operation. All losses incurred before 15 May are compensated for 100 percent, and those from 16 May are "divided": Compensation is set at 75 percent, while 25 percent goes as income to the federal budget. I would like to point out that getting the funds to compensate for losses forwarded to the oblast administration was a big victory. This procedure removes the negative consequences of losses. Another thing is that no document can be implemented at once. The real losses have occurred, and probably, will occur until a new procedure is established. Also, an agreement was signed on repaying loans out of the local budget. And, finally, a new

presidential edict on social and economic development of Kaliningrad Oblast has been issued.

[Nisnevich] People speak of it as an interim one....

[Shumeyko] Yes, the edict is an interim one. It sets a lot of tasks. Again, the president writes: Within a period of a month, the government shall prepare a draft federal law on Kaliningrad Oblast and submit it to the State Duma.

The edict will give more real rights to the oblast administration, provided it is carried out.... Why do I say "provided"? Our government is ready to submit the law to the Duma in time. However, will it be approved by the current composition of the Duma? You might have noticed that the basic argument turns around one document — the Law on Elections.

Yesterday, the Security Council was examining the issues concerning pan-European security, and Kaliningrad Oblast appeared to be a key region. The state has to prove by all means that the oblast is an integral part of Russia and that Russia worries about the oblast's socioeconomic situation. Kaliningrad Oblast is our European gate and the face of Russia. Only a man who is after something different may not understand this.

[Nisnevich] Or the one who forgets that the oblast may border on NATO any moment....

[Shumeyko] Recently, I have often met with leaders of foreign countries, ministers of defense. Rain or shine, the issue boils down to one thing — our cooperation with NATO. "You will allow us to expand the territory of NATO by our admitting the East European states, and we will provide opportunities for cooperation in exchange. This will be called "Partnership for Peace." We jokingly called it "Partnership for NATO." The U.S. secretary of defense cited similar arguments, and I replied to him: "I am a deputy from Kaliningrad Oblast. And you know it is isolated from the main territory of Russia, and Poland and Lithuania are next to it. Now let us assume theoretically that the two countries join NATO. And my native Kaliningrad Oblast will find itself inside a military-political bloc which will be — let us put it this way — not 'hostile,' but 'different.' You say: This is good from the perspective of security in Europe. I come back to my voters, and I repeat what you said. The least they will say about me is 'fool.'"

Russia cannot be a buffer. We cannot allow its borders be approached by any military-political bloc which embodies a different system.

[Nisnevich] In England, judging by reports in the press, you acted as Kaliningrad's ambassador.

[Shumeyko] It was an interesting trip. On many occasions, I used my role not only as a deputy, but also as chairman of the Federation Council, to solve the issues of Kaliningrad Oblast. We devoted the first day of our trip entirely to Southampton, a port town and a transport crossroads similar to Kaliningrad. It also was destroyed during World War II. We agreed with the local council to develop economic relations. They are already buying a second laser installation from Kaliningrad. Talks are being conducted on joint production of high-tech laser medical equipment. Kaliningrad will provide technology, while the design and implementation will be theirs. They are ready to take up to 150 Kaliningrad students for six months of training, after which they will come back to the oblast as accomplished financiers, knowledgeable of the market. We have applied to the European Bank to include the oblast into the priority group. Yuriy Semenovich and I have suggested that Kaliningrad Oblast be made a kind of proving ground for the development of local legislation. Our state is just developing. Due to the Constitution, each oblast has its own regulations and legislation. We put the matter like this: The European Bank for Reconstruction and Development [EBRD] tells us what are the desirable laws, facilitating investments, while we — based on the oblast's experience — determine how this attracts capital. The idea was welcomed. They understood that one cannot work with Russia without the knowledge of local legislation; particularly today the center does not decide about everything. When large projects are ready for implementation, and local municipal property will be needed as a guarantee, everything will have to be competently considered. I think we will succeed in channeling the resources of the EBRD to Kaliningrad. We know where to use them. A transport juncture, the infrastructure, housing....

I have had few such trips where so many practical matters were solved.

[Nisnevich] During our meeting in Kaliningrad, I asked you why the Federation Council rejected the law on state support for the media, and you replied that the whole issue was about the so-called fund for national support which the law is intended to create. But despite three readings in the Duma, and even without the presence of the disputed "fund" in the bill, the law was rejected again by the Federation Council. We are surprised by this. What is the problem?

[Shumeyko] To tell you the truth, I was surprised myself. At the Federation Council the law was considered by the Budget Committee. They made remarks concerning regulations with which they disagreed because they affected the budget. And they passed a resolution not to reject the essence of the entire bill, but to reject it

only in connection with particular provisions. A coordinating commission was appointed.... Practice tells of many such incidents. The Duma Committee, however, will not impede the bill in future, and the law may be passed at the next session.

[Nisnevich] Following your visit to Kaliningrad, you remember, there was a correction in the central press concerning your candidacy for president. But... a correction is just a correction (perhaps, it was a maneuver?). And the issue remains....

[Shumeyko] Talks about this will go on constantly. The law on presidential elections has come into force. Only now we can clearly state that the elections will be held in June 1996. But to become a candidate for president, is not enough to call oneself a candidate. The people of Russia must collect a million signatures for you. (At the same time, you cannot collect more than seven percent in one region). After that, you may call yourself a candidate for president. Everything else is a sham! Today we do not have such candidates. I do not hide, everywhere I travelled rumors circulate, and people tell me: "We will nominate you." Well, go ahead. If they collect a million signatures for Shumeyko, he will become a candidate. Of course, you can call yourself whatever you like... the queen of England, for instance. Whereas a million signatures amounts to tremendous trust by the Russian people.

[Nisnevich] You said in a television interview: One can judge the state by its relations with Kaliningrad. One cannot but agree with this, and by agreeing, one has to note that there are more disappointments than delights regarding the state policy.

[Shumeyko] Our disappointments are understandable. There is a well-known phrase: "He who does not regret the breakdown of the Soviet Union does not have a heart, while he who thinks that tomorrow it could be restored does not have a brain." A pen cannot restore anything. And then there is the myth that the three in the Belovezhskaya forest ruined the Soviet Union. Their signatures only testified to what had happened.

People talk that it is enough to change a president, and everything will be ok. No, it will be even worse. Simply put, changing cadres leads to an even worse situation.

During the election campaign, I spoke about the economic reforms, noting: Reforms were imperative but they could not be calculated. No one could calculate them, because at that time, when Russia became the legal successor to the Union, the commodity markets simply disappeared. In the exemplary communist city of Moscow, shops had plastic bags and jars with birch juice. If this had continued much longer, everything

would have ended up in a large-scale civil war. We could not allow this to happen in Russia, which has atomic power stations and dams near cities. Two explosions, and half of the planet will be gone!

It was necessary to restore the commodity market and to free prices. The president chose this path. Today a different situation exists. The system has been consolidated, and we can talk about calculations and plans. For the first time, the government presented a program for 1995-1997, including the necessary data. Something else is lacking, but this is not the same "lack" that existed at the beginning of the reforms.

Yes, the changes are large. There are the extremely rich and extremely poor. Of course this is wrong. We wrote in the Constitution: the social security state.

I want the politicians to hear me: Stop playing democrats and communists, the left and the right. We need to learn together to create one unified program. Everyone has something good in his program.

The state will find its model, if it develops in a democratic way. It will come down to a two-party system anyway. We have a lot ahead of us. The state is large. It is developing despite the political masochism of some activists who maintain that everything is dying and breaking down.

[Nisnevich] At this moment, you are not involved in any political blocs, are you?

[Shumeyko] Yes, correct. But principally I understand the idea of the Chernomyrdin bloc; it is aimed at attracting wise deputies to the Duma to support the government policy.

[Nisnevich] How would you comment on such a phrase often repeated in the past: "As soon as Shumeyko loses his parliamentary immunity, he will immediately be arrested."

[Shumeyko] It is a lie, a complete lie. The Supreme Soviet stripped me of immunity as soon as the former General Prosecutor Stepankov demanded this. If you remember, I was elected deputy of Kaliningrad Oblast after the investigation of the case by the prosecutor's office. I will say unequivocally that had Shumeyko stolen one single ruble, everyone would have forgotten about him a long time ago.

[Nisnevich] Is this to say you have enemies?

[Shumeyko] Indeed, I have many political opponents, both on the left and on the right.

[Nisnevich] What else are you being accused of?

[Shumeyko] Of the fact that Shumeyko is a faithful servant of the president, working only for Yeltsin.... Where the president goes, there he follows, like a thread follows a needle, or like a weathercock. It is not Yeltsin that matters! The heart of the matter is power. It is my political creed — consolidating the power. I cannot have other causes. I am not enrolled in any party, in any bloc. Given that some regard me as a strong figure, and many call me a presidential candidate, it follows that at the early stages of the campaign many desire to eliminate the candidate. Moreover, already people say that I have many chances. Despite this, I was last in the polls. I am simply amused.... Often this is just a matter of circumstances — the polls are fabricated. I know how I influence the state. What I am doing is enough to satisfy my self-esteem.

Murmansk Submarine Dismantling Facility Profiled

MM1406152895 *Moscow Russian Television Network in Russian 1000 GMT 11 Jun 95*

[From the "Vesti" newscast: Video report from Nerpa shipyard in Murmansk Oblast by G. Smirnova, identified by caption]

[FBIS Translated Text] [Smirnova over footage of shipyard, submarines being dismantled] Only far-sighted managers know how to retain cadres and extend the life of their enterprises. Ship repair workers at the Nerpa shipyard, whose general director is Pavel Steblin, have chosen several conversion programs and are systematically implementing them.

Implementing one of its programs, the shipyard developed and began to put into practice techniques for scrapping decommissioned submarines. Under the treaty signed by Russia and the United States, both countries are obliged to dismantle and recycle also a specified number of nuclear missile warheads. Under the selfsame treaty, missile tubes have to be removed from submarines and laid out on the shore. In this work the Russians are obliged to abide by all the accepted commitments as regards deadlines for dismantling missile tubes and their storage ashore. This is because the U.S. side verifies that we are strictly abiding by our commitments via satellite pictures. Just like in the words of the Russian song: "Don't forget that I can see everything from above."

Well, let them look. We have nothing to hide. [video shows shipyard, moored submarine and other ships, workers dismantling submarine, missile tubes, brief glimpse of aforementioned shipyard director, submarines and ships in bay]

Economic Issues

Expert Urges Central Bank Policy Openness

MK1406092095 *Moscow SEGODNYA in Russian 14 Jun 95 p 1*

[Report by Mikhail Lantsman, Elmar Murtazayev in the "Currency" column: "Commercial Banks Expect an 'Inevitable Devaluation' of the Ruble. Sergey Aleksashenko Has Called for Exchange Rate Regulation To Be Made a Key Tool of Economic Policy"]

[FBIS Translated Text] The results of yesterday's trading session were marked by a record difference between dollar supply and demand: \$200 million. The Central Bank had to buy \$154 million, which allowed a rate of 4,836 rubles per dollar to be maintained, which is 45 points higher than the Russian currency quotation at the previous session.

Speaking at a press conference yesterday, Sergey Aleksashenko, former deputy finance minister and now acting director of the Expert Institute of the Russian Union of Industrialists and Entrepreneurs, said the behavior by commercial banks on the currency exchange is dictated by the constant expectation of the inevitable devaluation of the national currency, which destabilizes currency markets, leading to speculative fluctuations in supply and demand. According to Aleksashenko, this can be avoided only if the Central Bank makes its exchange rate formation policy more open and stops being guided by transient political considerations in its currency exchange policy.

The Expert Institute he heads has made a comparative analysis of the parity [paritetnyy] and nominal rates of the ruble. Calculations of the parity rate are based on the purchasing power of the national currency compared with the analogous indicators of a model country (as such the authors chose Austria on recommendation of the United Nations and the OECD). The results of the calculations, based on State Statistics Committee data, showed that the parity rate of the ruble is 1,300 rubles per dollar, which is more than three times less than the nominal rate. This, according to Aleksashenko, means that the Russian ruble has a great potential for a gradual increase in value and, moreover, the Central Bank has a real possibility of shifting to a controlled rate policy, using it as a key tool of economic policy. In any event, according to Aleksashenko, the Central Bank should define the concept of its currency policy: for instance, that it aims for the ruble rate to be falling by 20 percent of inflation, or by 50 percent.... In other words, market makers should get concrete reference points because today they can perceive any sharp fluctuation in the currency rate as a trend and by their spontaneous actions

force the Central Bank constantly to undertake costly efforts to avert situational jumps.

According to Aleksashenko, the formation of the ruble rate on the Russian currency market is already proceeding with a strong influence from the Central Bank. The existing mechanism, however, is not open and, the head of the Expert Institute said yesterday, there is an urgent need to work out alternative options for rate regulation policy. These, in Aleksashenko's opinion, can be the fixed rate of the ruble, the regime of controlled devaluation, or maintaining the rate within a price band.

The first method, however, is hardly feasible and it is fraught with some negative economic effects. Thus, according to the group, the introduction of a rigidly fixed rate of the ruble with the continuing gap in inflation levels in Russia and the United States will lead to a rapid increase in its actual rate — and this will undermine the competitiveness of Russian goods and create long-term pressure on Central Bank hard currency reserves.

The controlled devaluation regime presupposes an obligation by the Central Bank to maintain the dynamism of the ruble's actual rate mid-term but preserves high uncertainty short-term. To achieve strategic benefits, this option calls for strong political will on the part of the country's leadership.

Aleksashenko believes that keeping the ruble within a band is the most promising option. It presupposes the introduction of a rigorous rate formation rule and "guarantees" some predictability of one nominal economic indicator on the part of the state. The state is free to choose its foreign economic strategy in so far as it refers to using the ruble rate as an instrument for protecting the domestic market.

Aleksashenko believes that there are no conditions in Russia for a repetition of "Black Tuesday." The reason for last year's financial crisis, in his opinion, was a 13-trillion ruble credit emission by the Central Bank. Now, unlike last year, the state takes virtually no emission credits. The main source of the known increase in money supply is the dumping of rubles in order to prevent an uncontrollable fall in the rate of the dollar on the currency exchange and the over-the-counter market. This source can generate significant returns, and, in the context of inflation, can even be profitable.

Panskov on Ruble Exchange Rate Outlook

*MK1406093095 Moscow SEGODNYA in Russian
14 Jun 95 p 3*

[Report by Elmar Murtazayev under the "Meeting" rubric: "Vladimir Panskov Does Not Jump to Hasty

Conclusions. But He Is Certain That No 'Black Tuesdays' Should Be Expected in Fall"]

[FBIS Translated Excerpt] Hope, but nothing more, was what Russian finances aroused in Vladimir Panskov, having shown clear signs of stabilization according to the first quarter results. The finance minister, who met with key domestic entrepreneurs and bankers at a meeting of the "Russian Business Roundtable" movement, said in his assessment of the government's latest moves that "we are moving in the right direction." In order to draw more profound conclusions, however, he needs "to wait another two or three months."

Attributing the growth in the ruble exchange rate to a shortage of ruble funds, the dollar's fall on international currency markets, and, "of course, the government's policy," the head of the Finance Ministry ventured a forecast: In June and July, the stabilization of the ruble exchange rate will continue, but by fall the dollar will begin climbing once again. At the same time, Panskov pointed out that no "Black Tuesdays" should be expected this fall. The minister has misgivings about the current situation in currency trading sessions, however, because hard currency has to be bought using "money that has just been issued, but is not underpinned by anything."

The businessmen had complaints to make about the government's currency policy. Andrey Nechayev, president of the Russian Finance Corporation, having given "the Finance Ministry's efforts their due," described the dramatic fluctuations in the ruble's exchange rate that have been tolerated by the government as "an enormous mistake." In his view, the leaps render attempts by non-state businesses "to streamline financial policy" absolutely meaningless and cause the heightening of social tensions. The finance minister had to admit that "so far we have been unable to link inflation to changes in the ruble exchange rate."

As to the Central Bank's decision to raise refinancing rates for commercial banks, Panskov deemed this move to be correct, but questioned the advisability of the mechanism chosen by the bank: "This should have been done gradually." In response to a remark by Ivan Kivelidy, president of Rosbiznesbank, that this initiative by the Central Bank may cause "the demise of numerous medium-size and small banks," Panskov raised his hands in a helpless gesture, which he explained by the fact that he cannot dictate decisions to the Central Bank. Preempting possible suspicions of a lack of coordination between the government and the Central Bank, Panskov advised the "roundtable" of the fact that the chiefs of three government agencies (Finance Ministry, Central Bank, and the Economy Ministry)

have become used to meeting once a week to coordinate their actions. Nonetheless, the finance minister admitted that he learned about the decision to raise refinancing rates from newspapers. [passage omitted]

Fedorov Predicts Currency Crisis by Aug

LD1306205295 Moscow INTERFAX in English
1614 GMT 13 Jun 95

[FBIS Transcribed Text] Moscow, June 13 (INTERFAX) — Boris Fedorov, MP and leader of the Forward Russia movement, thinks that a currency crisis may happen in Russia as early as this August.

At a news conference in the State Duma Tuesday Fedorov, former Russian finance minister, spoke about the recent fall in the dollar rate at the Moscow Interbank Currency Exchange.

He agreed with Aleksandr Zhukov, head of the Duma Currency Regulation Subcommittee, who spoke at the same news conference, that the Central Bank's financial policy "may lead to a ruble crisis and a one-time devaluation of citizens' savings in autumn." Zhukov said that on the one hand, the Central Bank is putting into practice its decision to increase compulsory minimum currency reserves for commercial banks, and on the other trying to prevent the dollar rate from plummeting by "dumping" rubles onto the market, which results in an increase in the rate of inflation.

Fedorov believes that "the present Central Bank administration is no better than the previous one." He criticized the administration for its "unclear policy" and for not taking any action against "financial swindlers" like the those from Chara Bank and from some other banks.

He said that the acting Central Bank President Tatyana Paramonova will not be able to use all the powers given to her by the Law on the Central Bank. The chances for and against her approval as the Central Bank President by the State Duma are equal, said Fedorov. He said Dmitriy Tulin, former deputy president of the Central Bank, Sergey Dubinin, former acting finance minister, Aleksandr Livshits, Russian president's economic adviser, or another professional could become the bank's head.

Fedorov said that the present Central Bank and governmental financial and economic policy is aimed at "forcing the private borrower out from the market."

"When I hear that the July increase of the import duties will not cause a price rise, I want to advise certain Deputy Prime Ministers to read their manuals," said Fedorov.

World Bank Support, Currency Policy Viewed

MK1406104095 Moscow KOMMERSANT-DAILY
in Russian 14 Jun 95 pp 1, 3

[Report by Vadim Bardin, Konstantin Levin: "The World Bank Plays Up to the Central Bank"]

[FBIS Translated Excerpt] Russia has long been accustomed to getting credits from international banks. However, the agreement between Moscow and the World Bank on a second rehabilitation loan of \$600 million to support the balance of payments, whose draft is now being discussed in the Finance Ministry, stands out conspicuously. First, this means that the Russian Government has assumed definite obligations in regulating foreign economic activity; second, its use can have an impact on the ruble exchange rate. [passage omitted]

Formally, this money is used to support imports and is made available against a list of customs declarations for import deliveries already made. In fact, however, the Finance Ministry can use it at its discretion: from conversion into rubles to the payment of back wages to budget employees and to purchase of U.S. Treasury bills (a form of placing government currency reserves). Another \$300 million will be used not to straighten out the payment balance but to cover Russia's state budget deficit (which is already included in the budget revenues), while the Finance Ministry hopes that the interval between the first and second portions of the credit will not be too long.

Who Is Closer to the Ruble, the World Bank or the Central Bank?

For all its routine nature, the mechanism for using the rehabilitation loan can bring some expected developments. The Central Bank naturally counts on gifts. It is clear that the loan cannot be used without some of its being converted into rubles. The sum that will be sold for rubles varies between \$300 and \$600 million.

The bet on support from across the ocean can become a major factor in the exchange policy pursued by the Central Bank since April. As KOMMERSANT-DAILY has written on many occasions, if the tariff exemptions enjoyed by the National Sports Federation and other privileged importers are extended, which is quite likely, demand for dollars on the Russian currency market will surge. The loan from the World Bank which, according to the Finance Ministry, can be obtained even in July-August, will come in very handy and will help avoid a sharp fall in the ruble.

A less radical scenario is also possible. The credit can be used outside 1995 and so there may be no mass currency supply on the Russian currency market. Much

depends on the current exchange situation and the state of the budget. In any event the ranks of players betting on an increase (or stabilization) in the rate of the ruble are expected to be substantially replenished. Be that as it may, of all the credits the World Bank has provided to Russia, only the first rehabilitation loan has been used to the full.

Yeltsin Adviser Interviewed on Monetary Policies

954F2516A Moscow LITERATURNAYA GAZETA
in Russian No. 23, 7 Jun 95 p 10

[Interview with Aleksandr Livshits, economic adviser to the Russian Federation president, by LITERATURNAYA GAZETA commentator Oleg Moroz; place and date not given: "Aleksandr Livshits: The Dollar Is Leaving the Ruble Zone. Let Us Thank It"]

[FBIS Translated Text] [Moroz] Aleksandr Yakovlevich, it appears the financial and economic situation in Russia has been improving over the past few months, has it not?...

[Livshits] Russia has entered the economic summer. You know, we have two serious times of the year: economic summer and economic autumn. In the summer all indicators improve somewhat, and in the fall the reverse takes place. Well, we are working very hard now to make the fall become simply a calendar season. Summer, however, as I said, is here. There are the usual summer signs: Inflation is down.... Although by not as much as we wanted. There are two extra points. It should be about 5-6 percent, but it came out at 7.5 percent in May. The GKO—short-term government bond—yield is falling. Interest rates are declining—the average for May was 115 percent. These are, in my opinion, positive processes. Inflation expectations have improved. Last year we had the same, but in the fall came the autumn.... This year, however, another interesting phenomenon came into play: The dollar began to drop. I would put it this way: We are seeing the exodus of the dollar as a means of payment from Russia. As we say goodbye to it, we should thank it. It did a lot for us, substituting for the weak ruble. The ruble is still far from being a supercurrency, nevertheless the dollar is leaving us. And the problem is to ensure that it leave us in an appropriate way for the currency of a great country leaving another great country—unhurriedly, proudly, without being forcibly pushed out or kicked in the behind.

[Moroz] So you think the dollar's decline is a long-term process?

[Livshits] You know, some time ago Chubays, Paramonova, and myself promised to ourselves at one of our gatherings to never ever predict prices and the for-

eign exchange rate because our words would inevitably exert an influence on expectations. At the beginning of April, however, I, unexpectedly for myself, violated this promise—I blathered out in an interview to VECHERNYAYA MOSKVA that I would not advise anyone to keep their savings in dollars. I regret this very much and would rather not violate this oath again.

[Moroz] Why is the dollar falling? Is this a sign of far-reaching favorable changes in the economy or simply a result of the Central Bank's technical manipulations?

[Livshits] The main reason it fell is a serious strict anti-inflation policy. Unlike in previous years, this was a joint policy of the Central Bank and the government. As a result, the ruble became desirable, not because the ruble is very strong, but because the supply began to run short. The Central Bank stopped financing the budget deficit. The second reason the dollar started its slide was that within the framework of the anti-inflation policy, the Central Bank implemented a very unpopular action, which caused a storm of protest—it introduced new requirements for commercial banks' reserves. The third reason, which is rarely mentioned—a number of banks started a long-term game playing for the decline of the dollar, with their sights on July and August. As is known, during these months the budget erupts with a veritable fountain of rubles: for seasonal agricultural work, for deliveries of supplies to Northern regions, for repayment of debts to the defense industry, and so on. Then another offensive against the ruble will begin, and these banks will recoup everything by buying dollars cheaply. This is all understandable. But I want to ask through your newspaper everyone who is counting on this: What happens if no ruble eruption takes place? Or if it does, but not on the expected scale? Or by different rules? The fourth cause of the dollar's decline is the sufficient attractiveness of the treasury bond market, perhaps even excessive attractiveness. This also is sending people on a search for considerable funds in rubles.

[Moroz] The dollar was one of the few, if not the only, shelter where people could protect their savings from devaluation. Now it no longer serves this purpose. What can a person do now?

[Livshits] There are four options. The first: safe government securities. They will come out soon. I have been after the Minfin [Ministry of Finance] since January. They are practically burning the midnight oil now, getting everything ready. These securities will come out. The second option is to deposit money in a safe bank. The banks have settled into certain categories by the degree of their reliability. I will not name any—this would constitute advertising—but it is obvious to all thinking

people: There are big-league banks, and they will not let you down.

[Moroz] But they pay interest rates below the inflation rate....

[Livshits] No. Not below. This is a proven fact. All real interest rates are positive: They are ahead of inflation, albeit not by much. True, you will not live on these dividends, but you will protect your money from inflation. We have to understand this difference: We are moving into normalization of the economy. This means that you can save your money, but for the whole country to turn into rentiers, to live doing nothing, on the interest earned on capital—no, you cannot do this.

....The third option for protecting your money—this is also coming soon, we are running late in this respect too—is in developing housing construction. People will be able to invest their money in this. And it does not matter whether a person has an apartment or not—he will be able to buy it and subsequently rent it out. Or sell it. I think we will work out this option within a month. Next, the fourth option—this is a good time to give a boost to consumer credit. As soon as we subdue inflation a bit—we need to start selling cars on credit. Automotive plants are already sitting on surplus inventories....

[Moroz] Realistically, the only workable option now is to take the money to a safe bank. Everything else is in the future....

[Livshits] Not too remote, I hope. I enumerated four options, but there are many more. The main problem is our running late. Russia is such a country: We sleep and sleep and then jump up: "Grab your bags, the train is leaving!"

[Moroz] So, a distinction between this "economic summer" and last year's is the decline of the dollar. Are there any other differences?

[Livshits] There are. As a minimum, two more principal differences. Last May the volume of production comprised 64 percent of that of May of the preceding year. The deepest drop. This May the level was 101-102 percent as compared to May 1994. This is new. We should not burst into cheers, since we need to figure out what is fueling this growth, but nevertheless it is a fact. Another very important difference from previous years: For the first time in all the years of reform, we have a budget that, with all its shortcomings, resembles a normal budget. In previous years the government always had the ability to print money, or rather, borrow it from the Central Bank at symbolic interest. Now it does not have this ability. Everybody is moaning and crying today—no money. Everybody has realized how hard it is to

earn one's own living. When there is nothing except taxes. The International Monetary Fund gave us a loan, but it all went into repayment of foreign debt. What we got is what we have.... The bridges have been burned. Even in the most acute situation, when there will not be enough for the bare necessities, the Central Bank will not give anybody anything unless special amendments are passed to the law on the budget. No one, no general secretary can now make a telephone call and order more money to be issued. A tortuous return to normal economic thinking, normal economic mentality, is underway: You spend only what you have. And the fact that in these unaccustomed conditions we still managed to stave off production decline is not bad at all.

[Moroz] Aleksandr Yakovlevich, with all these factors, and the fact that we are now in the "economic summer," which you plan to extend into the fall as well, the situation in the social sphere—which is what millions of people feel directly on their own hide—is, on the contrary, worsening. Real wages in March of this year were 33 percent lower than a year ago, and average disposable income—8 percent lower. Social stratification continues; the share of the population with income below the poverty level is growing. Health care, education, and culture are still at the bottom of the earnings scale....

[Livshits] Yes, this is bad, of course. Real income has indeed declined. Lately this decline slowed down somewhat, though: In May, while prices rose by 7 percent, average wages increased by 6 percent—but still, as you can see, they lag behind prices. Last year we did not have this. Judging by real income, the standard of living has indeed declined. Of course, we all understand very well that a lot of income goes undeclared, but for those funded by the budget the real situation is indeed as the statistics show it. What additional income, for instance, would a rural librarian have? A vegetable garden, perhaps.... This is a lingering problem, of course. It is very acute.

[Moroz] So, life has gotten worse. In other words, the main goal of all our economic transformations still has not been achieved and has even moved further away. The elections loom on the horizon. Whom do you think people will vote for?

[Livshits] How shall I put it more precisely.... The most serious question is indeed social stratification, the social structure. In my opinion, it is erroneous to assume that people overall are now living worse. They are living differently. This is the whole point. I do not mean bankers in Mercedes. Have you ever heard of workers at nonferrous metallurgy or gas industry enterprises threatening a strike? They live well—the gas industry, metal-

lurgy (both ferrous and nonferrous). Workers in housing construction, communications, railroads, and aviation business make a normal living. Counting families, this amounts to millions of people, but a differential does exist. Who do we mean when we say that life has become worse? People working in academic institutions, machine-building colleges, but certainly not the financial academy—I have not heard of any complaints coming from there.... We mean pensioners, of course.... That is, life is dismal mainly for those who are funded by the budget. The gap between the budget structure we should ideally have and the one that emerged for real after numerous votes in the State Duma—this gap exists everywhere, but in countries with stable, developed democracies it is smaller, and in countries with developing democracies—greater. This gap, which to a large extent stems from underfinancing, is the price we pay for democracy. Do you want the budget to be adopted by pushing a button? That is, to have it adopted by people who belong to different political ideologies, political forces? This is what you have to pay a price for. You do not want to do it—then the president will approve the budget by an edict. It is obvious without argument that it will be a better one, but this will no longer be democracy. And the same goes for many other things. Laws are being passed, for instance, that are very difficult to implement, that worsen the economic situation. What can you say? That we forbid you to pass such laws? Well, as I said, you have to pay a price for democracy. Over time this price, these losses, shrink—this is a steadily declining curve....

One of the latest incidents of this kind is the extension the Duma voted on preferential treatment with respect to custom duties. This thing has been going on for a very long time, and not a day passes by without my having to deal with it, as well as Chubays, and many others.... At the beginning of March the president repealed all preferences as of 15 May. Omitting some details, let me tell you that the Duma extended preferential treatment until 1 July. Here, you see, is an example of a very costly law. Although it is not yet in effect—first the Federation Council has to approve it, then the president.... The results of the Duma vote on this matter are absolutely amazing—I have the breakdown. All mixed up together—the left and the right, the reds and the whites, fierce anticommunists and ultranationalists.... That is, in reality the basis of the deputies' unity is not the Social Accord Treaty—it is extending preferential treatment in foreign economic activities. People who are unable to talk normally to each other, who can only, shall we say, communicate by means of a fistfight, this time voted in solidarity—to extend preferences. In such cases, a question comes up every time: If revenue from some item is built into the budget, and you adopt a law

that deprives us of this revenue, why do you not change the law on the budget correspondingly? Otherwise, we are engaging in a child's game: We ourselves destroy the budget, and when the time comes, we hold the government responsible for its execution and demand its resignation for inadequate performance.

[Moroz] The war in Chechnya continues, and there is no end to it in sight, despite the upbeat victorious reports from the generals—both green and blue. Given the presence of such a war, into which trillions are being sunk like a bottomless pit, is there any chance to achieve any sort of acceptable economy?

[Livshits] Over the first three to four months of the Chechen war, the observations I had access to led me to the conclusion that the negative impact of Chechnya manifested itself mainly through inflationary expectations. This was especially noticeable in January. The country went to war; it was unclear who was in power, what kind of regime there would be—negative expectations rose, and we got the full blast. In our calculations, at least one-third of January's inflation was associated with Chechen expectations. That is, were it not for Chechnya, everything could cost one-third less. However, beginning in April-May the Chechen war began to make itself felt not just through expectations but with "live" money, physical funds being taken out of the budget. What will happen if the war continues for an indefinite time? I am not prepared to say whether all our plans will collapse. The economy will not collapse—this much is clear. Thank God, this is not a large-scale war, but this vacuum cleaner may suck out all our already meager reserves, with the help of which we were counting on holding through this year.

[Moroz] The next question I want to ask you will probably seem quite surprising to you. Is reform moving ahead? Or has it stalled? Or is it moving backwards?

[Livshits] I hold the same opinion I did more than a year ago when we did the previous interview for LITERATURNAYA GAZETA. I believe that the meaning of the reforms is to facilitate the building of a more perfect economic mechanism. For me, for instance, reform means creating independent depositories for safekeeping securities. Or creating an institute of independent registry-holders (there is such a monstrous word). Right now a plant director is the registry-holder. We know of instances whereby some foreigners bought some stock. Everything was recorded and put in a safe. Then they went to the enterprise to discuss something and were asked: "Who are you, actually?" "We are stockholders." "Well, let us check...." The registry was pulled out. "You are not in it." They, the foreigners, could not have dreamed this up in their worst nightmares. This cannot

happen in their country because it can never happen. In our country, though, it can. People are simply struck out of the registry. Or simply not included. The money disappeared. People have been plainly robbed. So for me, the creation of an independent safe means economic reform in the supreme meaning of the word. A seemingly technical trifle, but it does prevent these sorts of machinations. Such a system of independent depositories and registry-holders is an element of a normal market economy.

Overall, the explanation of why the progress of reform is not very noticeable is simple: It is because it is nearing completion. As you have noticed, the word "reform" is gradually disappearing from our vocabulary. This process of reforming cannot go on forever. A year, maybe two.... I mean major changes. Small ones may take longer.

[Moroz] Of all things! The reform is nearing completion.... And for some reason I thought that it had not yet really begun. Precisely in its major manifestations. Take, for instance, privatization, the second—real, for money—phase. Or land reform—granting the right to own land. This land reform has been skidding for so many years....

[Livshits] Yes, true, this is a virgin segment. You are absolutely right regarding land reform. As for money-based privatization—not land but enterprises—Edict No. 478, dated 11 May, puts this mechanism in motion and in the summer privatization will begin full speed....

[Moroz] But, it was supposed to begin full speed a year ago, which means that we have wasted a year, have we not?

[Livshits] True. You could put it this way—wasted. The president made the appropriate decision as early as July of last year. I already said that we are constantly running behind, but the problem is not only privatization. Each day spent in the conditions whereby a ruble of state property does not produce anything for the state is a day lived without purpose. It may produce gain not only by being sold outright. It could be a mortgage, or trust management, or any other management of securities that belong to the state....

[Moroz] But the whole idea of starting the reform was to take away from the state—a wasteful, incompetent, disinterested owner—as much property as possible and give it to a competent and interested owner. A private owner.

[Livshits] In principle, I nevertheless believe that the reform is moving towards the finish line because there are only few virgin segments left that have not been covered by the reform....

[Moroz] One hears all the time that the authorities are suffocating the entrepreneur, not letting him spread his wings, that only speculators have gone all the way and made billions for themselves. Is this not also one of the main directions of the reform that has remained neglected from the very beginning?

[Livshits] I think that entrepreneurs are mainly being suffocated by local authorities....

[Moroz] Attracting investment remains just talk.

[Livshits] Yes, in this respect I have to agree with you—there is still an extensive field to apply efforts to.

[Moroz] The field to apply efforts to remains extremely large. Meanwhile, some alarming signs have appeared. Remember how in China under Mao Zedong the central party newspaper GUANGMING RIBAO from time to time signaled the beginning of a campaign of hounding and bashing all sorts of "revisionists," "persons who are in positions of authority but following the capitalist route," and launched slogans of "style correction," "fire at headquarters," and so on? In our circumstances, ROSSIYSKAYA GAZETA is trying to play the role of GUANGMING RIBAO. Today it attacks Luzhkov, tomorrow someone else.... Right now they are after Chubays.... And in MOSKOVSKIY KOMSOMOLETS, a newspaper of a seemingly completely different orientation, A. Minkin suddenly befouls Gaydar—befouls dumbly, tastelessly, and stupidly. And other organs too, both central and not central, also rush in and try to keep up. That is, on one hand, a campaign is being launched against a person who represents the engine of the reform, and on the other—against its main ideologist. What do you think all this means?

[Livshits] I think this is simply political score-settling. It is not directed against reform per se. It is silly to think that it can be reversed now. Besides, the times of human symbols are over. Chubays does indeed put to full use his absolutely inexhaustible energy and organizational and intellectual talent and simply covers a lot of physical ground work. You said: Reforms are not moving, but strictly speaking this complaint could be fully addressed to Chubays. They are not moving on his watch, after all. He is there, is he not? Or something else is not moving.... Why is it not moving? I would put it this way: It is not true that we do not know something—we simply are unable to do a lot of things. Unable to do them in a real situation—not a theoretical situation, but a real one. Where there are forces, people who do not want certain changes and resist them. The current attacks on Chubays should be seen from this angle. The forces attacking him are quite well known.... In addition to the publications you mentioned, I could name the interview with the famous Polevanov in the "Moment of

"Truth" television program. I talked to Polevanov when he was still deputy prime minister. He struck me as a sincere person. He simply has been for a ride. Made to play for a variety of teams. During his conversation with Karaulov I counted four or five such influences. And he himself, Polevanov, may not even be aware which teams he is playing for and whose interests he is defending. I cannot rule out that he already regrets that he left his Amur Oblast and jumped into unfamiliar elements. So this is not resistance to reform. It is a clash between enormous property and monetary interests. On one hand, this is bad, but on the other—is there anywhere where such mistakes are not made? Strictly speaking, this sort of clash is a sign of a country with a market economy. Although in our country it sometimes acquires monstrous forms....

[Moroz] If you compare the situation on the threshold of the 1993 elections and the current one, for the people responsible for economic policy it is probably worse than for their critics. In your opinion, how much time is needed to change the balance in favor of the former, so that the general masses would feel the real fruit of economic transformations? Do you not have a feeling that you are just a little short of time—perhaps a year or a year and a half—before a completely different atmosphere for elections develops—an atmosphere of greater content and calm?

[Livshits] Yes, I keep hearing amazing things right now. Mainly from heads of enterprises, banks, even regions.... Everybody says more or less the same, even those who have serious problems: It will take about a year or a year and a half for us to pull through. "Who in the hell needs these elections? We know everything that is happening to us. We know where the government is wrong and where the president is mistaken.... But we have already adapted even to your mistakes. Do not unsettle us! Let us live a normal life! Go to hell with your elections! What will they bring us? Starting everything from scratch again???" Naturally, we explain to them about democracy, all that stuff, but this craving for stability, even while realizing that the authorities are not acting ideally—this craving is felt all the time. The fallacy of the authorities is not in making erroneous decisions—it is in their constantly being late with these decisions and the huge inertia in the implementation mechanism. Yes, there is a feeling that it would be better to postpone the elections for a year or a year and a half, but we have what we have. We can probably count on a considerable part of the economically active population. It is incorrect, for instance, to assume that the entire countryside will vote for Starodubtsev. I recently visited one of the Volga region oblasts and talked to many people there—they are apprehensive about him. They

have made considerable progress there. And of course, we count again on our intelligentsia's understanding.... Overall, in our reckoning, the Communist Party is not going to win. And the nationalists are not going to win. That is, the composition of the Duma generally will resemble the current one. Perhaps it will be somewhat better, although not by much.

[Moroz] Then why these electoral blocs—Chernomyrdin and Rybkin? As a backup?

[Livshits] They are needed in order to make the work of the Duma more predictable. Democracy is fine, but when a law is being adopted that costs 500 trillion rubles, how can you do your job? "Let us restore all savings...." "Let us eliminate the subsistence level differential between regions...." I understand that one feels sorry for the people. I am not some heartless monster, but the subsistence minimum is a relative indicator. Some calculate it one way, some differently. One cannot build a law on such shaky calculations. The same may be said about the average per capita income. Which they also propose to take into account.... And all this costs trillions of rubles.

In short, what we need is not a tame parliament—we need a responsible parliament.

Chairman on International Banking Congress

954F2511A St. Petersburg SMENA in Russian
8 Jun 95 p 1

[Report by Natalia Ipatova: "Chief Banker Is Cautious in Her Opinions"]

[FBIS Translated Text] The Fourth International Banking Congress opened yesterday in St. Petersburg. Among the participants was Tatyana Paramonova, acting chairman of the Central Bank of Russia. Her predecessor, Viktor Gerashchenko, publicly inquired: "If the irresponsible State Duma deputies do not confirm you in the end—are you going to walk out on the Central Bank of Russia or will you stay and work there?" Tatyana Paramonova (whose appointment was once again derailed the day before in the State Duma budget committee) was unable to answer this. Gerashchenko himself believes that not confirming Paramonova is a great tragedy for Russia.

Tatyana Paramonova on Her Appointment

Tatyana Paramonova treats another setback in her confirmation calmly: "No complaints were voiced about the Central Bank. I do not know the official wording of the decision. I will continue to work as before."

On Foreign Currency

In Paramonova's opinion, the situation in the foreign currency market is determined by the general economic situation—including the declining yield in all sectors of the market. As to the ruble exchange rate, Paramonova contends that it is formed not only and not so much under the Central Bank of Russia's influence—there are too many factors influencing it (budget deficit financing, the state of import-export, and so on).

On Inflation

Tatyana Paramonova agrees that inflation today is higher than had been envisaged in the forecasts. In her opinion, two factors influence the slowdown in lowering the rate of inflation: first, the process of moving away from the dollar has accelerated (the base money supply is growing); and second, the current activities of commercial banks are creating difficulties in managing inflation for the Central Bank.

On Banks' Responsibilities

Tatyana Paramonova reported that the Central Bank currently is working on putting together a "rapid response system," which will enable it to quickly trace potential problem-causing data.

According to Paramonova, current legislation stipulates that if a bank's license is revoked, neither the bankers nor the founders are liable. Therefore, the Central Bank decided to conduct an experiment: discuss such issues with the founders and the board of directors at the time the bank is started up, and at that stage find safety measures that would protect clients from potential financial losses.

On the Role of Women in Central Bank Policy

"I do not consider the Central Bank of Russia's financial policy strict—it is a normal policy. And it has nothing to do with who heads the Central Bank—man or woman: My actions are based on the interests of the business at hand. All women working in the Central Bank of Russia do not separate the questions of family budget and the business to which they devote their professional life."

P.S. The nation's chief banker opened the congress wearing a peach-colored summer suit.

Better Prospects Seen for Investment Growth

MM1306123495 Moscow ROSSIYSKAYA GAZETA
Weekend Edition in Russian 10 Jun 95 p 3

[Article prepared by the Russian Presidential Staff Analysis Administration under the "Political Forecast" rubric: "Dawn Is Breaking Over the Country: Fragile

Stabilization Is the Experts' Conclusion on the Economic Situation in the Country"]

[FBIS Translated Text] The five years since the Declaration of Russian Federation State Sovereignty have led to the development of a new political reality in the country. Political stability is the main prerequisite for the successful pursuit of reforms of the economy. The situation in Russia today, despite considerable difficulties, inspires confidence: The slump in production can be stopped, just as inflation and the growth in prices can be curbed and social tension reduced. The following article, prepared by the Russian Presidential Staff Analysis Administration, discusses the problems of the economic situation in the country and the prospects for its recovery.

Not a Closed Circle

The objective and, in principle, reversible process of bringing domestic prices up to the level of world prices has been the most important feature of Russia's development in recent years. Here, because of technological backwardness, whole sectors, particularly processing industries, are insolvent. The state, unable politically to allow bankruptcy, supports their existence by pumping in money, which leads to a reduction in the exchange rate of the ruble and a growth in the inflation potential of the economy — the gap between domestic and world prices.

After this there again ensues a narrowing of the gap between domestic and world prices, which again is based on the uncompetitiveness of the economy. The cycle lasts approximately one year and is accompanied by sociopolitical upheavals: 1992 saw a crisis that resulted in the resignation of Gaydar and a referendum, 1993 witnessed the October putsch, while 1994 experienced Black Tuesday and Chechnya. However, the cycle does not operate within a closed circle, since every cycle of development eliminates unviable enterprises and gives the rest incentives to modernize. You get spontaneous structural reorganization — not shock but therapeutic reorganization.

The extremely slow rate of increase in the figures for output decline is an important piece of news: 0.7 percent in January, 4 percent in February, 5.3 percent in March, and 6 percent in April (compared with 23-27 percent a year ago). This is a sign of the economy's adaptation to a tough financial policy. True, this adaptation is often criminal: Enterprises settle in cash (including hard currency) or simply do not pay their bills in order to avoid taxes. However, the increase in arrears in January-March was small (32 percent against inflation of 43 percent), while arrears as a proportion of GDP fell in February compared with January — in terms of accounts

payable from 118.4 to 108 percent, and in terms of accounts receivable from 102 to 90 percent.

If the adaptation of industry were the consequence of criminalization, that is to say a shift to nonpayment or cash settlement, the growth in the indicators under examination would be much greater. The law-governed nature of the adaptation is also confirmed by such an indicator of the criminalization of the economy as the change in the proportion of cash in the money supply: While it rose from 17.9 to 23.5 percent in 1992, and from 23.5 to 36.2 percent in 1993, it only rose to 37 percent in 1994. In the first quarter of this year it even fell to 33.9 percent. Such a slowdown in, if not a halt to the criminalization of the economy is the result of the legitimization of capital initiated in 1994 and the shadow economy's attainment of the maximum size feasible for a parasitical structure.

At the start of 1995 "centers" of growth appeared for the first time in the reform years, namely, housing construction (a growth of 10 percent in the first quarter, including 43 percent in Moscow and 44 percent among private enterprises); chemicals and petrochemicals (8 percent); and ferrous metallurgy (6 percent). The growth in nonraw-materials production units indicates a gradual improvement in the structure of the Russian economy.

Otherwise We Will Never Catch Up With the West

The structural shifts attained maximum intensity last year, and the results of the first quarter of 1995 show only a little slowing down. Here the process of bringing domestic prices up to the level of world prices, which reflects a growth in the economy's efficiency, has come to a virtual standstill: Whereas the indicator of this process — the reduction in the purchasing power of the dollar — recorded a figure of 5.1 times in 1992 and 3.2 times in 1993, it was only 8.8 percent last year, and 4 percent during the first quarter of 1995.

Such a slowdown is a sign of a change in the nature of structural reorganization. The stage of improving the structure by "dumping" unviable enterprises is over. The enterprises which could be wound up without large-scale destabilization have been wound up. Those that remain form the backbone of the economy. They must not be destroyed; they can only be modernized, but modernization is a lengthy process that demands, like all investment, low inflation. As a result, increases in output, even increases in the output of the most competitive products, are achieved today as a rule through the use of an old technological base whose efficiency is substantially below world standards.

In 1994-1995 Russia had to contend with the fact that the harmonization of domestic and world prices ren-

dered uncompetitive not only production units that were already clearly doomed but a number of our most promising export sectors utilizing backward technology. The impossibility of bankrupting them and, in a number of instances, the impossibility of reducing their profitability caused a radical slowing down in the process of harmonizing domestic and world prices.

Thus, structural reorganization today on the basis of the technology in place leads only to a small increase in efficiency. A major increase in efficiency is possible only on the basis of a "technological revolution" — a global replacement of technology. This replacement is the work of a whole generation, but that road must be embarked on right now. Otherwise Russia will never catch up with its neighbors. The first step along that road is to increase investment. The reduction in the supply of capital in the world markets (investment placed in developing countries will halve in 1995 compared with 1994) means an increase in the importance of domestic investment for Russia. Here there are encouraging trends: The economy has built up investment potential, which is manifest even in today's conditions. Thus, long-term credit as a proportion of the total amount of credit in the economy returned at the start of 1995 to the maximum level reached in 1994, prior to the fall shockwave.

Price Surge

The main barrier in the way of investments is inflation. Although inflation depends on countless factors, the most important is the rate of growth of the money supply. The money introduced into the economy affects inflation not immediately, but only after a varying period of time (the time lag). As inflation falls, the financial market becomes more complex, and an increase in the money supply no longer enters the consumer market instantaneously, as was the case in 1989-1990, but "circulates" in financial transactions. The lower inflation is, the more sophisticated and prolonged these transactions are and the longer the time lag: It was three months at the beginning of 1992, and two years later it had increased to six months.

The price surge of fall-winter 1994 reduced the time lag to five months. Nonetheless, since the inflationary peak is now behind us, it is likely that the time lag will soon go back up to six months. It is not difficult to estimate the future dynamics of inflation. The summer price increase will most likely amount to 3-4 percent per month (stimulating investments begins to make sense with average monthly inflation of 5 percent).

There is confirmation of this prediction. Thus, the chief direct inflationary factor — the federal budget deficit —

was 3.3 percent in the first quarter of this year, despite the absence of the IMF credit included in it. Estimates indicate that the deficit for the second quarter of 1995 will not exceed that level; the strain on the budget will be by no means critical.

The purchasing power of the population's income, which showed a decline in January-February that carried the threat of political cataclysms and the rejection of the ideology of financial stabilization (it is well known that even an absence of growth in this indicator, over a period of four or five months, provokes social tension forcing the government to change its policy), increased by 8 percent in March and by a further 3 percent in April, making it possible to speak of the start of a new period of growth in this indicator.

The Chechnya events have not had and apparently will not have any appreciable effect on macroeconomic processes.

Misplaced Fears

Thus the macroeconomic situation is unprecedentedly favorable. Expectations of adverse upheavals have not proved justified. Let us begin with the obsession of the past six months — the fixation with the dollar rate. Today its usefulness is zero because the Central Bank's policy of overstating the dollar exchange rate in comparison with the balance of supply and demand ensures all the benefits of a fixed rate (growth in currency reserves, guaranteed hard currency backing for ruble emissions, noninflationary effect of emissions, predictability of the dollar rate) without its disadvantages (dramatic one-time devaluation of the ruble, intensified inflationary pressure on it, acceptance of full responsibility for events that cannot be fully assessed).

A major unpleasantness will be the traditional fall "inflationary surge" caused by the financing of agricultural work and shipments to the North. However, this will be weaker than last year and will not exceed an average monthly level of 10 percent. There are ample grounds for this prediction. Large-scale financing lacks economic expediency, since the financial markets have developed to such an extent that funds allocated for the needs of the agro-industrial complex and for shipments to the North reach their destinations very late or never get there at all. Furthermore, the expected increase in the decline in agricultural production (to 12 percent in 1995 compared with 9 percent in 1994, 26 percent in 1993, 9.5 percent in 1992, and 5 percent in 1991) makes it possible to correspondingly reduce the scale of support. Also, the pace of agricultural work is much higher than last year.

Talk of pre-election populism does not stand up to criticism. The parliamentary elections are only a rehearsal

for July 1996, which nobody wants to approach with the image of being the man who plunged the country into a new spiral of inflation. Furthermore, financing the agro-industrial complex and shipments to the North largely means, for the government, financing its political opponents. The mere awareness of this fact is enough to prompt the pursuit of a reasonable financial policy. There is also a subjective factor: Those leaders who survived "Black Tuesday" [October 1994 financial crisis] remember that handing out money is the shortest road to political crisis and resignation.

The weightiest argument in favor of the low-inflation predictions, however, is the change in the position of the banks. In 1993 the main indicator of their performance — assets — was directly dependent on inflation: If it accelerated they grew, and vice versa. At the beginning of 1994 the situation started to change: The slowing of inflation did not produce a reduction in bank assets. The banks' dependence on inflation then turned full circle: A slowdown in inflation affected them favorably, while an acceleration had a negative impact.

It is thus groundless to accuse the banks of having an interest in rising prices. Despite the acuteness of the crisis (it is estimated that the proportion of loss-making banks in 1994 was close to 30 percent and exceeded the proportion of loss-making industrial enterprises — 23 percent), the easing of financial policy and the acceleration of inflation are no longer in keeping with the real interests of the banking community.

It is difficult to exaggerate the political significance of this. The banks are the key source of funding for political activity, and the balance of forces is largely determined by precisely their position. Their situation makes it possible to say that the policy of financial recovery will be maintained irrespective of the results of the coming elections.

Ailments Caused by Losses

Paradoxically, the main danger to Russia's economic development is linked not to the continuing (although abating) production slump of depression but to economic growth. World experience shows that in a transitional economy an economic upsurge in the wake of a crisis requires a sharp increase in equipment imports, which in turn leads to an increase in the trade deficit and the external debt.

Russia's current external debt (\$112.7 billion as of 1 January 1995, around \$120 billion now) is close to the limit of what the country can afford, which is determined by comparing it with the volume of foreign trade on the basis of standard methodologies. A sharp increase in this debt, which is evidently inevitable in

a period of economic growth, will not only lessen Russia's reputation as a borrower even further but also substantially undermine its economic sovereignty.

This hurts particularly hard when you take into account Russia's loss of its natural markets (the CIS, the solvent developing countries, East Europe) and the reorientation of its foreign trade toward the developing countries, in relations with which it will be doomed to "junior partner" status for a long time yet.

In 1994 their share of exports increased from 60 to 67 percent and their share of imports from 61 to 69 percent. The share attributable to the developing countries and former CEMA countries fell respectively from 32 to 25 and from 27.7 to 21.5 percent (the trend in 1993 was the other way around). Trade turnover with the CIS countries fell by half — just as in the two previous years. As a result, whereas in 1991 more than two-thirds of Russia's foreign trade turnover was attributable to the CIS and the Baltic states, in 1994 they accounted for less than one-fourth. Traditional markets, including the CIS countries' gasoline market, have been lost. This year the reduction in trade with them will total at least 20 percent.

Access to and successful competition in the world market needs strong monopolies supported by the entire might of the state — that is a condition of their commercial effectiveness.

The acceleration of the emergence of such monopolies is being helped by the toughening of financial policy, which worsens the situation of weak enterprises and encourages them to be bought up, and the second stage of privatization. It is time to jettison the propaganda myth that the objective of the first stage of privatization was to increase efficiency, bring about modernization, and create a class of property owners. Privatization, like price deregulation, was an unavoidable measure and had just one purpose — to take the national economy off the breaking back of the state, at any price and as fast as possible, because the 1991 deficit totaled 21 percent of GDP and threatened economic collapse.

The task for the second stage of privatization is to rationalize patterns of ownership and concentrate it in very large, diversified concerns. Like any redistribution, this task is not only complex but also dangerous for those carrying it out. It precisely as a result of such a redistribution that Russia will see the formation of a powerful core group of commercially effective financial and industrial strike force capable of changing the situation not only in the world economy but also in world politics.

Economic Ministry Reports 1994 Trade Figures

LD1306194195 Moscow *ECONOMIC NEWS*

AGENCY in Russian 1300 GMT 13 Jun 95

[FBIS Translated Text] The Russian Federation Ministry for Foreign Economic Relations has announced that trade turnover with foreign countries and the Baltics, which was down by 16.8 percent in 1992 and by another 10.5 percent in 1993, increased by 7.2 percent in 1994. Exports increased by 8.4 percent and reached almost \$50 billion, while imports increased by 5.4 percent and reached more than \$28 billion. As a result, the positive balance of foreign trade was no less than \$12 billion. At the same time, real foreign currency income from export increased by 1.7 times.

Also, there has been a positive structural shift in exports, especially in its geographical distribution. The share of industrial countries has increased from 60 percent to 67 percent, while the share of the developing countries has decreased from 14 percent to 12 percent. The share of other countries has decreased even more sharply: from 26 percent to 21 percent. The share of the countries from the former CEMA [Council for Mutual Economic Assistance] has decreased from 17 percent to 13 percent.

The increase in the volume of export in 1994 in comparison with the previous year has been made possible through the increase of the physical volume of export of raw materials and goods. The Foreign Economic Relations Ministry believes that this tendency will continue in 1995.

International Affairs

Defense Minister on Partnership Program With NATO

LD1306221395 Moscow INTERFAX in English
1738 GMT 13 Jun 95

[FBIS Transcribed Text] KIEV, June 13 (INTERFAX-UKRAINE) — The two-year individual partnership program between NATO and Ukraine contains about 50 activities, including the exchange of experts, personnel training, joint exercises, seminars and conferences, the Ukrainian Deputy Prime Minister and Defense Minister told a news conference in Kiev Tuesday [13 June].

Valeriy Shmarov had attended a meeting of ministers of member-states of the Partnership for Peace program in Brussels on June 9.

The program is expected to be finally agreed on June 19 when Ukrainian Foreign Minister Hennadiy Udovenko will visit Brussels.

Shmarov confirmed Ukraine's intention to retain its "neutral" status. "We align neither with the group of countries seeking NATO membership, nor with security structures within the CIS," he said.

Report on Interest in G-7 Summit Decisions

LD1306201795 Kiev UNIAN in Ukrainian
1430 GMT 13 Jun 95

[FBIS Translated Text] Toronto—The participants in the G-7 summit in Halifax, which will open on 15 June, will examine the situation in Ukraine and, first and foremost, the course of economic reforms. The summit will also discuss Ukraine's proposals on assistance from foreign states and international financial organizations to put into effect a new energy system in Ukraine in connection with the closure of the Chernobyl nuclear power station by the year 2000. For the first 24 hours, beginning on 15 June, there will be a classic meeting of the G-7 countries behind closed doors. Russian President Boris Yeltsin will arrive after this. UNIAN learned this from the Russian Embassy in Canada on 13 June, which quoted H. Smith, a representative of the Canadian Foreign Ministry, who addressed journalists on the occasion of the summit.

In the last few days, the Western mass media have made public a draft communique that will be adopted after the end of the G-7 summit. Parts of it relate directly to Ukraine.

In particular, the section on "Creating New Opportunities Through Trade" welcomes Leonid Kuchma's decision to close the Chernobyl nuclear power station and confirms the obligations that the G-7 countries took

upon themselves at the summit in Naples last year to support Ukraine in strengthening its power engineering sector, allocating additional subsidies on a bilateral basis to undertake work in the near future on enhancing safety at the Chernobyl nuclear power station and the preparatory work connected with decommissioning it.

"Recognizing that the closure of the Chernobyl nuclear power station will become a social and economic burden for Ukraine, we take upon ourselves the obligations to continue efforts aimed at mobilizing international support for Ukraine. Any assistance aimed at replacing Chernobyl's capacities will be carried out taking account of reliable economic, ecological, and financial criteria," the draft communique says.

The document contains an appeal to the World Bank and the European Bank for Reconstruction and Development [EBRD] to continue cooperating with Ukraine in the area of developing a "realistic and long-term energy strategy based on the results of the research financed by the EBRD and taking into account the lowest capital investments."

Another section of the communique entitled "Countries With Transitional Economies" praises "the bold reforms of Leonid Kuchma," in particular, the reduction in the budget deficit and privatization. "Our efforts and the efforts of other industrially developed countries and international financial institutions have secured obligations to grant Ukraine international financial aid in the next two years amounting to \$3.75 billion from the \$4 billion promised in Naples," says the document. Readiness has also been expressed to support an additional \$2 billion in aid by the end of 1996 that would come from international financial institutions on the condition that decisive economic reforms continue.

FM Udovenko Urges 'Tolerance' With Russia

AU1306111895 Kiev MOLOD UKRAYINY
in Ukrainian 9 Jun 95 p 1

[Interview with Foreign Minister Hennadiy Udovenko by Bohdan Kushnir, MOLOD UKRAYINY special correspondent in the Russian Federation, in Kiev on 7 June: "Through Your Paper, I Would Like To Call Upon Russian Politicians To Recognize the Fact That Ukraine Is an Independent State"]

[FBIS Translated Text] [Kushnir] Mr. Minister, what is your assessment of the level of present Russian-Ukrainian relations and how will relations between our states develop in the best and in the worst cases?

[Udovenko] In general, relations with our great neighbor may be rated as good. The process of negotiations

at various levels continues. Speaking of bilateral relations, we hold lengthy dialogues with the Russian Federation on concluding the friendship and cooperation agreement. This agreement was prepared and initialed by the first vice premiers of our governments. Undoubtedly, any agreement among two or more states requires an approach that involves compromise. It seems to me that both sides have shown precisely such understanding. An agreement has been prepared on restructuring our debt to Russia. Talks are also in progress on the third problem of our relations — the Black Sea Fleet and problems of its basing. At the same time, trade and economic relations are being developed. Both our Russian partners and ourselves are looking for spheres of cooperation.

You know that negotiations will start in Sochi on 9 June, and that their main objective is to achieve specific results on the Black Sea Fleet, but we will also raise other questions. Our presidents — of Russia and Ukraine — frequently meet, and last time, they spoke for longer than one hour in Minsk after the summit of the leaders of the CIS countries. Prior to that — in Moscow, at the Victory Day celebration. A continuous negotiating process aimed at intensifying cooperation is under way between our states. Our prime ministers also meet. Last time, I met with [Russian Foreign] Minister Kozyrev in Noordwijk [on 30 May]. We briefly discussed our problems and we hold dialogues at various international forums. Undoubtedly, our relations might be better — there is no limit to this. I want to reiterate that an improvement and further development of relations with Russia is a priority in our external policy.

[Kushnir] Hennadiy Yosypovych, this is the way diplomats speak. In real life, however, we see something entirely different. Even common people keep asking: Why can't we reach an agreement among ourselves? Why should intermediaries often emerge between us? The United States or other countries. Doesn't it seem to you that this process has been too protracted. Why does it take so much time?

[Udovenko] The process has been too protracted indeed. I would like to draw your attention to the fact that, last year, a new president was elected and he brought in a new platform. It is quite natural that the government was renewed and a new parliament was elected. This had a certain effect at the negotiations between our states. New people have come forward, and they must get to know one another and adjust to one another.

You speak about intermediaries. We do not have them. I am saying this with full responsibility and openness.

There may be proposals. It is normal. I also propose that Ukraine act as an intermediary between two states.

More specifically, that it act as a guarantor on the Dniester Region issues. This was a general desire during a meeting with a special Russian envoy. It did not take any concrete shape, though. Well, there are no intermediaries. At any rate not yet. We can settle our relations with Russia on our own.

[Kushnir] I have been working in Moscow for almost half a year and I have had an opportunity to see Russia at a close range. You are probably familiar with Boris Yeltsin's recent statements starting from "How should we go about Ukraine" and ending with the menacing words "money likes to be counted." How do you personally react to the Russian president's statements regarding Ukraine that seem contemptuous to us.

[Udovenko] I would also like to be both cautious and frank. We all give interviews and deliver speeches somewhere. There emerge some specific situations. Somebody says something impertinent. When President Kuchma and President Yeltsin meet (I did not witness their private conversation, but prepared those meetings), they always find a common language. However, later, when it comes to interpreting accords that have been reached, problems arise. It seems to me that there is a group of people staking on intensifying tension in the Ukrainian-Russian relations.

Of course, we were distressed by this statement "how should we go about Ukraine?" Just imagine that I come to a news conference and make a helpless gesture: How should we go about Russia?

[Kushnir] And also gather power ministers by your side.

[Udovenko] Through your paper, I would like to call upon Russian politicians to recognize the fact that Ukraine is an independent state. And that an independent, democratic and economically developed Ukraine will do no harm to Russia. I have just spoken to a special representative of the Polish president. This time, too, we said that for us — Ukraine — Russia is a priority. They know this perfectly well. Maybe I said this in an interview for your newspaper when I was ambassador to Poland and did not think that I would become foreign minister.

I met with Clinton, went to Noordwijk to attend a session of the North Atlantic Union, and welcomed Russia's joining the "Partnership for Peace" Program. I said at a news conference that Ukraine is interested in normalizing relations between Russia and NATO. In that case, it will be easier to resolve our problems.

[Kushnir] Mr. Minister, unfortunately, Russian politicians make totally different statements. They are now quite actively making use of such a thesis as protection of the Russian-speaking population. Is it really necessary to protect Russians in Ukraine and Ukrainians in Russia? To the extent of threatening the use of force?

[Udovenko] This statement also gave rise to some concern. However, I would like to draw the attention of your paper and of Russian politicians to the fact that Ukraine reacted to this statement of Kozyrev's [Russian foreign minister] in a very calm manner. We did not allow ourselves to become involved in debates. Incidentally, when I met with Minister Kozyrev, I told him: Let us stop this war of notes — this correspondence through notes. I did not succumb to attempts to draw myself into responding to that statement. I want to say that international law and the United Nations Charter do not warrant the use of force in any conflict situations.

Everybody knows this perfectly well. You have always lived in Ukraine and could see that there are no actions in our country aimed at hurting the dignity of Russians.

[Kushnir] At a news conference at the Russian State Duma, I asked Mr. [Sergey] Tsekov [chairman of the Crimean Supreme Council]: From what or from whom should the Russians in Ukraine be protected? He could not say anything concrete except that a Ukrainian language exam has to be taken at schools.

[Udovenko] How can anyone impose this when there is not a single Ukrainian school there [in the Crimea]. We must now take the Ukrainian language under our protection. Just walk along streets in Kiev — you will not hear Ukrainian spoken there.

I reject all accusations of some alleged persecutions. Yes, I write letters to Tsekov in the Ukrainian language. I do not see anything bad about that. Let Mr. Tsekov hire a translator.

[Kushnir] Mr. Minister, you never asked your colleague Kozyrev when at least one Ukrainian school will be opened in the Russian Federation where there reside more than 10 million Ukrainians?

There is not a single Ukrainian school there.

[Udovenko] We haven't spoken about that yet. This must be done, because today we must, as a state, actively raise the issue of the situation of Ukrainians in Russia. Prior to World War II, there used to be many Ukrainian schools in Zelenyy Klin in the Far East. Children were taught in their native tongue until the fourth grade and then were transferred to Russian classes. There is experience. Besides, people complain. We receive complaints from Tyumen, a home to hundreds

of thousands of Ukrainians, that there is no support from us. Even though we opened a Consulate General there.

Just imagine the outrage if we should, for example, state that we will use force to protect the Ukrainian-speaking population in Estonia....

[Kushnir] Hennadiy Yosypovych, let us be frank. Such statements are made because Ukraine is pursuing its independent policy and does not want to enter into any political or military alliance with Russia. My next question will be this: How do you perceive statements by Russian politicians to the effect that not a single political force in Russia will give up attempts to influence Ukraine?

[Udovenko] I would exercise tolerance in my reply. Why? We must recognize the fact that, historically, Ukraine and Russia were so closely related that it is very difficult for common Russians, political groupings, or parties to accept the notion that Ukraine is an independent state. That is why every political force wants to influence the events in Ukraine in its own interests. It is a different matter that I may qualify this as interference in Ukraine's internal affairs. At the same time, we must realize that they have their own interests here. Ukraine, as a state, must give more attention to the affairs of Ukrainians living in Russia. So that our political forces would also have their interests in Russia and would influence the processes under way there. It must be a two-way road.

You are saying that Ukraine pursues an independent policy. Yes, we do pursue a policy of an independent Ukrainian state. However, we also take into account Russia's external and internal political interests. We do not conduct our external policy in a vacuum and have always stressed the need to maintain normal relations with Russia. There is nothing anti-Russian in any of our visits or in any of our actions.

[Kushnir] Unfortunately, Mr. Minister, I can observe an opposite picture in Russia.

[Udovenko] It is true that we do not get any instructions from the Kremlin or Kozyrev's directives. We do hold consultations on many issues. We also held consultations on questions of expanding NATO. We are preparing a protocol on consultations between our two foreign ministries. We had to coordinate our actions regarding Ukrainian hostages in Bosnia-Herzegovina.

However, this does not mean, as is suggested today, that first we coordinate our external political activity and then a certain pressure will be exerted upon us through the CIS. However, we conduct our external policy in a composed and balanced manner, and I reiterate that there is nothing anti-Russian about it. On the contrary,

we are honest, we are earnest, and we are grateful to Russia for its financial assistance — it grants us credits for gas deliveries. So far, we have not been able to pay in full. However, it is a separate question. I am not afraid to say that we are grateful to Russia. However, its assistance is not selfless. We must pay. And we are paying in world prices.

[Kushnir] Elections are approaching in Russia and the State Duma has already started its campaign through holding rallies.

[Udovenko] We must make an allowance for various political statements. I have already seen various elections in various countries and react to such things calmly. Our influence must be such as not to allow any conflict to take place.

Over the eight months of my work, the most acute situation took shape in September 1994. I mean the conflict between Tsekov and Meshkov [deposed Crimean president] when the situation could really get hot. I was a witness and participant in those events. At that time, the president [Kuchma] was on vacation in the Crimea — continuous talks were conducted, and we managed to prevent an exacerbation of the situation or bloodshed. At that time, Russia also opted for a balanced policy. Yeltsin and Chernomyrdin said: The Crimea is a Ukrainian issue. Now, one can see a certain deviation from the firm policy that the Russian leaders conducted. Apparently, these forces are under the influence of elections and there is certain pressure. The main task is to avoid exacerbation. I do not think that either Ukraine or Russia want exacerbation.

[Kushnir] Mr. Minister, with your permission, I will ask you one last question. On Friday [9 June], when our readers get their copies of MOLOD UKRAYINY with this interview, you will be at negotiations with the Russian delegation. What do you expect from the meeting in Sochi?

[Udovenko] I would like to see our negotiations proceed with understanding and tolerance so that we could finally resolve the Black Sea Fleet problem. Incidentally, it is not to Ukraine's advantage to delay its resolution. We are losing much economically. Our President Leonid Kuchma is working actively on this. Ukraine has advanced a number of proposals. On such a day, I would like to ask those people who follow the development of Ukrainian-Russian relations to think about us and give support to the position occupied by the Ukrainian president and aimed at strengthening our statehood and ensuring the territorial integrity and inviolability of our borders.

Udovenko Says Black Sea Fleet Questions Remain

*LD1206153895 Kiev UNIAN in Ukrainian
1430 GMT 12 Jun 95*

[FBIS Translated Text] Kiev — The main issue that Ukraine and the Russian Federation should now resolve with regard to the Black Sea Fleet is the status of the Russian fleet in Ukraine, the conditions and duration of its stay and the financial aspect, Foreign Minister Hennadiy Udovenko said at a press conference on 12 June.

Hennadiy Udovenko noted that the agreement did not stipulate that it should be ratified by the Ukrainian Supreme Council and the Russian State Duma. According to the minister, "this depends on internal state procedures and every state will be guided precisely by them." Hennadiy Udovenko said that the next talks on the problems of the Black Sea Fleet will determine by which Ukrainian-Russian documents, signed earlier on this issue, the sides would be guided. The minister stressed that a decision will be taken with respect to the documents on the procedure for the agreement entering into force.

The minister said that the issue on signing the agreement will be discussed at a forthcoming Ukrainian Supreme Council presidium meeting.

Touching on the problem of the status of the Black Sea Fleet on Ukrainian territory, Hennadiy Udovenko referred to international practice which, in his opinion, could be used in the course of the future Ukrainian-Russian talks.

The foreign minister stressed that the basing of the Ukrainian Navy was not discussed at the talks in Sochi as this was an internal Ukrainian affair.

Shmarov Urges Temperate Use of Force in Bosnia

*LD1306223795 Kiev UNIAN in Ukrainian
1800 GMT 13 Jun 95*

[FBIS Translated Text] Kiev — Ukraine is concerned at the possibility of new cases of an unforeseeable reaction by the Bosnian Serbs after the multinational rapid deployment forces move in, Ukrainian Acting Defense Minister and Deputy Prime Minister Valeriy Shmarov told UNIAN on 13 June. He said: "These forces must be employed quite temperately and their presence must be a deterrent to the conflicting sides in Bosnia-Herzegovina."

Shmarov added that, as the result of his consultations at the NATO headquarters in Brussels with that organization's leadership, the consensus was that the multinational forces should be used cautiously so that they

could not cause the situation in that region of the former Yugoslavia to deteriorate.

Agreement With Germany on Defense Cooperation

LD1306200695 Kiev UNIAN in Ukrainian
1800 GMT 13 Jun 95

[FBIS Translated Text] Odessa [no date as received] (UNIAN) — The Federal Republic of Germany and Ukraine have reached an agreement on forging links in the area of weaponry development and, in particular, assistance to Ukraine in renovating and upgrading its defense industry. This occurred after a German parliamentary delegation led by Dr. Klaus Rose, the chairman of the Bundestag defense committee, visited Odessa.

"While at one of the naval units, at their meetings with officers, Bundestag members took an interest in progress in the construction of the Naval Forces of Ukraine and praised the outcome of the negotiations in Sochi and the framework agreement signed by the leaders of Russia and Ukraine," Naval Forces Commander Volodymyr Bezkorovaynyy told UNIAN in an interview.

He said that a group of Germany's defense complex representatives would shortly come to Ukraine "in order to learn in greater detail about the problems experienced by the Ukrainian navy and the German technological assistance potential available."

Polish Delegation Cites 'Positive' Ties

LD1306220695 Moscow INTERFAX in English
1729 GMT 13 Jun 95

[FBIS Transcribed Text] KIEV, June 13 (INTERFAX-UKRAINE) — Polish parliament makes a "positive" assessment of the development of friendly ties with Ukraine and seeks to contribute to making the cooperation between the two countries more active, Bohdan Borusiewicz, head of the Polish parliament delegation, said at a meeting with Oleg Dyomin, deputy speaker of the Ukrainian parliament, in Kiev.

The delegation is in Ukraine on a four-day working visit. Its aim is to work out a mechanism of interaction at the level of the Polish-Ukrainian interparliamentary group.

Dyomin believes that the two countries can cooperate in the development of agriculture-related industries and cultural contacts.

At the meeting the parties agreed to accelerate the process of creating joint Polish-Ukrainian financial structures, including a joint bank.

Dyomin also proposed to speed up the reestablishment of contacts between former twin cities of the two countries.

During the visit the delegation will also meet with members of the Ukrainian Parliament Commission On Foreign Affairs and Ties With CIS, leaders of various parliamentary groups and political parties. It will also hold talks with members of the Ukrainian president's staff, Foreign Ministry and Nationalities, Migration and Cults Ministry officials.

National Affairs

National Assembly Faults Sochi Summit Results

LD1306201695 Moscow INTERFAX in English
1759 GMT 13 Jun 95

[FBIS Transcribed Text] KIEV, June 13 (INTERFAX-UKRAINE) — The Ukrainian National Assembly [UNA] views the Sochi agreements on the Black Sea Fleet as "surrendering the fleet and the Crimea to Russia" and calls to hold new presidential and parliamentary elections.

"The first thing the Ukrainian president did after giving himself full scope by the Constitutional Agreement was to surrender the fleet and the Crimea to Russia," the UNA statement sent to INTERFAX-UKRAINE Tuesday [13 June] says. The parliament "has in fact agreed to such actions by the president" by signing the Constitutional Agreement, according to the statement.

The decision was "imposed on Kuchma by the US President Bill Clinton." "Clinton has done Russia a favor at the cost of Ukraine. The Clinton administration will receive a significant concession from Russia," says the UNA statement.

The statement refers to the agreement signed by presidents Kuchma and Yeltsin in Sochi (Russia) on June 9. The agreement envisions the creation of a Russian Black Sea Fleet and a Ukrainian Navy on the basis of the Black Sea Fleet of the former USSR. The fleets will have separate bases. The Russian fleet's base and its staff will be at Sevastopol.

'Optimistic' End to President-Parliament Dispute

WS1306145295 Kiev KYIVSKA PRAVDA
in Ukrainian 9 Jun 95 p 1

[Article by H. Pyvovarov: "The President Takes a Chance and Wins"]

[FBIS Translated Text] This past Wednesday [7 June] saw the end of confrontation triggered by the president's resolution on holding a plebiscite and the veto imposed

on this resolution by parliament. This confrontation ended in the most optimistic way — the president and Supreme Council adopted and signed a constitutional accord. One needs to do justice to healthy, reformist forces in parliament, which had initiated precisely this way for resolving the conflict between the legislative and executive branches of power.

By putting forward the question of a plebiscite, the president risked everything — both his power and his reforms. However, those not taking chances never win. Life confirmed this truth once again. It was a vital need for the president to conclude an undeclared "war" with parliament in a peaceful way, as testified to by his behavior after the Supreme Council adopted the constitutional accord by 240 votes against 81. Your correspondent, accredited to the presidential administration, has never before seen the president so excited and happy. He and members of his team were congratulating one another and receiving congratulations from other people. Agreeably agitated, [President] Leonid Danylovych [Kuchma] answered questions from television journalists directly from his presidential box for quite a long time.

Thus, the agreement between the executive and legislative branches of power resolved the political and state crisis fraught with unforeseen consequences, on which we had been verging. At a briefing organized by the presidential administration several hours after the voting in the Supreme Council, F.H. Burchak, presidential adviser for legal issues, and L.V. Pidpalov, deputy chief of the presidential administration, provided a legal and political interpretation of the constitutional accord.

There have been no analogous political acts in Ukraine's history. Relations between the branches of power were regulated in this way for the first time. Their functions were at last divided into actual fact, not words. The president gave up his idea of a plebiscite. One would like to hope that until the adoption of a new constitution, we are facing a year of peaceful political life.

The legislative and executive branches will engage in their original activity — the former will create legislation for the country, the latter will convert this legislation into fact. The government will submit its program to parliament; having approved this program, the legislature has no right to interfere with its implementation for one year. The president will now have the right to issue laws "not regulated" by the Supreme Council, as it was worded at the briefing. The Supreme Council will not be deprived of its rights; on the contrary, it will be given an opportunity to create an actually effective legislative process.

According to the Law on Power and Local Self-Government, a clear vertical structure of power, subordinated to the president, is now being created. Oblast and rayon bodies of legislative power are not subordinated to parliament, while their executive structures report only to superior executive bodies in the vertical structure. Recognizing the will of the people, who elected heads of oblast and rayon councils, the president appoints them as leaders of the executive power in their regions, but he also acquires the right to dismiss them if they fail to execute his decisions. The bodies of local self-government — city, town, and village councils — are subject to dual subordination. They are directed by superior bodies of both executive and legislative power.

The constitutional accord opened a way to state and political stability in the country at least for one year. For this period, the president was given a free hand in implementing his program of reforms. What will be his first practical steps in this new situation? Only one clear answer was given to this question posed by your correspondent — a new government has been formed. Regarding further actions on the part of the president, L.V. Pidpalov stated that "we will soon be witnessing them."

I think that there will be much to witness for us. Not only to witness, but at last to personally experience those changes in our improving lives.

Kuchma Urges No Delays in Forming Government
LD1306183695 Moscow INTERFAX in English
1729 GMT 13 Jun 95

[FBIS Transcribed Text] KIEV, June 13 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma urged "not to delay" forming of the government which must "begin working out specific programs."

He spoke at a government session Tuesday as he presented the new Ukrainian Prime Minister Yevheniy Marchuk to the cabinet members.

Yevheniy Marchuk was appointed prime minister by the June 8 presidential decree.

Addressing the cabinet members, Kuchma said that "forming of the government does not mean that all of you should resign. The majority will continue working."

However, he said "from today on there should begin a new era in our work." He also said that "the control service of the president's staff will be enforced" in the nearest future. You will bear heavy responsibility for your work, said Kuchma.

He also said that "the economic situation can not be improved by monetary means alone." "There must be

a complex of measures taken, which does not exclude monetary ones."

Kuchma said that on June 14 he planned to visit Kirovograd region and to take part in the metallurgical plants directors' conference on June 15. On June 16 Kuchma is to visit the "Artek" international children leisure center where he will take part in the celebration of the center's 70th anniversary.

Yevheniy Marchuk thanked the president for his confidence and called on the cabinet members to carry out the tasks of reforming the economy and at the same time taking measures for granting social security to the citizens.

He stressed that "social security programs are not the task of the Social Security Ministry alone, but that of the whole government."

Kuchma, Marchuk Comment on New Government
LD1306222195 Kiev UNIAR in Ukrainian
1530 GMT 13 Jun 95

[FBIS Translated Text] Kiev — Ukrainian President Leonid Kuchma today introduced Yevhen Marchuk, Ukraine's new prime minister, to members of the government.

In his greeting to the head of the Cabinet of Ministers of Ukraine, the head of state urged finding an immediate settlement to organizational matters concerning executive power, namely the formation of the government and the preparation of a government program, to be delivered by the prime minister to the Supreme Council of Ukraine by the end of this month.

Outlining the minimum requirement to be met by the new government in its activity, Kuchma called for concrete economic plans to be put in place within a month's time, which would encourage reforms in the Ukrainian economy and, in particular, help set up financial and industrial groups.

One of the foremost and major problems that the organization of executive power is faced with, is to set in motion a clear-cut mechanism of internal discipline and supervision in the government, Marchuk said on his introduction. He added that he hoped today's ceremony would be the beginning of a fundamentally new stage in the activity of the cabinet, which would signify gradually curbing the economic crisis in Ukraine. Marchuk appealed to members of the government for constructive cooperation.

Kuchma Relieves Deputy Prime Minister From Post
LD1306204895 Kiev UT-1 Television Network
in Ukrainian 1800 GMT 13 Jun 95

[FBIS Translated Text] We received a presidential edict on 13 June on some personnel changes in the government. In his edict, Leonid Kuchma relieved Volodymyr Plitin from his post as deputy prime minister in connection with the resignation of the Cabinet of Ministers.

General Staff Head Discusses Military Doctrine
WS1406120095 Kiev INTELNEWS in English
2207 GMT 13 Jun 95

[Interview with General Anatoliy Lopata, chief of the Ukrainian Armed Forces General Staff, by Volodymyr Katzman; place and date not given: "Our Military Doctrine Should Not Lag" — first paragraph is INTELNEWS introduction]

[FBIS Transcribed Text] The non-aligned military status officially proclaimed by Ukraine after independence is being increasingly questioned by critics both at home and abroad. INTELNEWS correspondent Volodymyr Katzman spoke recently with Gen. Anatoliy Lopata, chief of the general staff of Ukraine's armed forces, about the need to change this doctrine to keep up with the current strategic situation and about the changing structure of Ukraine's armed forces.

[INTELNEWS] What do you think about the new, though brief, experience in Ukraine, with a civilian leading the defense ministry?

[Lopata] This step was necessary for Ukraine. Democratization of society means civilian control over the armed forces. I wanted long ago for a civilian to be appointed to this post. I wanted Ukraine to reach the level of many European countries, so I think it is a significant step forward for our state. And combining the post of the civilian defense minister with the post of deputy prime minister increases the level of management. This is very important for Ukraine, because the difficult economic situation has not made it so far possible to meet all the demands of the army, so in such a situation the deputy prime minister is doing his best to provide the army with necessary material resources. However, being a military man, I think there is one aspect which is still unresolved: We do not have legislation that would divide the functions between the civilian minister and purely military structures, particularly, the General Headquarters.

[INTELNEWS] What particular functions do you mean?

[Lopata] The experience in democratic countries shows that a civil defense minister is first of all a military-political figure. I emphasize: A political figure. In

other words the minister is to formulate and carry out the military policy of the state. The function of the defense minister is a military-political function. The defense minister creates the army budget, takes care of development of military weapons and equipment, and is responsible for ties between the defense ministry and the military-industrial complex. The minister leads the personnel policy of the army, but only at his level of competence. The defense minister has also two other very important functions — social protection of servicemen and protection of the army from influence of different political parties.

The general headquarters first of all should train the army and plan how to use it, in other words to work out plans of military defense of the state and train the army to carry out these plans. The headquarters is to carry out mobilizing measures: recruitment, retirement and enlargement of military structures. Of course, the general headquarters should submit its proposals to the defense minister for further decision at the state level. Generally, the headquarters is involved in purely military activity.

[INTELNEWS] Recently many politicians, including President Leonid Kuchma, have emphasized the necessity to make changes in Ukraine's military doctrine. What do you think about our current military doctrine? Is it any good?

[Lopata] Our doctrine is a defensive doctrine, so I think it is perfectly good. But the doctrine is somewhat complicated in terms of fulfilling its main task. I will explain why. Ukraine does not enter any military bloc. The main strategic task of defending the independence of our state is very complex because it cannot be carried out without reliable partners, neighbors and allies. In other words, neither technically nor financially are we able today to provide our army with necessities. We should look for such partners to conclude bilateral treaties. The doctrine does not prohibit us from looking for partners, but it has no regulations on how to do so either. The defensive doctrine must contain provisions on creation of blocs or unions. The military and technical policy is not clearly determined. I think the doctrine should be worked on further.

[INTELNEWS] Can this approach be considered a disavowal of neutral policy?

[Lopata] The notion of neutrality has its own dialectic, its own development. If neutrality concerns the internal policy of any state, then I think it is normal policy. But if this neutrality concerns the actions of one neighboring country against another neighboring country friendly to Ukraine, and this friendly neighbor appeals to Ukraine to help it defend its rights, asking for technical and

material support, then I do not think such a neutrality will increase Ukraine's prestige. This neutrality is harmful. I would not rule out the expedience of any joint action to defend our state, say, if we could establish an agreement with a good strong neighbor in case of any emergency. For example, we could appeal to our partner for help in case of the threat of war. Such an agreement is not a military bloc, it is bilateral relations. We should study the possibilities of these agreements because Ukraine cannot be considered a little island in the political world. It is absurd. We are not Switzerland. But, to find a strong ally, we should be strong ourselves. A weak partner is of no interest. Thus, having good relations with armies of other countries does not necessarily mean that we should not build a strong army of our own. Just the opposite.

[INTELNEWS] Are the armed forces currently conducting a sufficient number of field exercises and practice maneuvers?

[Lopata] Today this is our most urgent problem. For a long time we have not had any scheduled regimental, division or brigade exercises. Because of an acute shortage of money and material resources, primarily fuel, today we can organize only company and battalion exercises with a very limited usage of military equipment. Today we conduct only 20 percent of the required field exercises. Let me remind you that in Soviet times battle training was the key factor of overall military training. Twice a year every regiment was supposed to take part in field exercises. Of course, battalions and companies are the smallest units participating in hostilities. Today, the training of regiments is done only during tactical exercises. But this, after all, is only half of the problem. In spite of all the problems, the land troops are currently being trained and, basically are ready to carry out their missions. It should be noted that today we have a bad situation with the training of air crews. Today the air force is provided with highly sophisticated equipment, and pilots fly their planes too seldom to maintain their qualifications. Today we are still able to maintain adequate fighting efficiency of air force officers who have very high qualifications — as a rule, they are the first and second class pilots, while training of the third class pilots and young pilots, who have just finished military schools, leaves much to be desired. Today our airmen have 15 to 25 percent of the practice they need. The air forces' fighting efficiency is currently deteriorating, first of all, because our airmen have lost the ability to operate this equipment in difficult and special conditions, but not because we are insufficiently provided with weapons and various types of military equipment.

[INTELNEWS] Ukraine's top-ranking generals, senior officers and almost all junior officers have "Soviet-

type" military education, while the tasks of our army cardinally differ from those of the former Soviet army. How is Ukrainian strategy being currently developed?

[Lopata] We have prepared all the necessary materials on the usage of our armed forces in compliance with our military doctrine and, naturally, today we are facing the problems that the former Soviet armed forces deployed on Ukraine's territory never faced before. First of all, these are new approaches to defense of our territory. These approaches are absolutely new, because we are not going to deploy our troops abroad.

Crimean Legislature Suspends Draft Constitution Hearing

WS1406114795 Kiev UKRINFORM in English
0830 GMT 14 Jun 95

[From the "Current Events" feature]

[FBIS Transcribed Text] As UKRINFORM's correspondent in Simferopol, Crimea's capital, reported, on Tuesday, June 13, the Crimean Supreme Soviet Presidium decided to suspend parliamentary hearings involving the draft of a new constitution for the peninsular autonomous republic in view of its very raw nature. Instead, the Crimean parliament's June 15 plenary session will focus on the 1995 draft privatization program and the republican budget bill.

Zirconium Seizure Report Said 'Misinformation'

LD1306190995 Kiev Radio Ukraine World Service
in Ukrainian 1300 GMT 13 Jun 95

[FBIS Translated Text] Yuriy Korovin, director general of the Pridneprovskiy chemical plant in Dneprodzerzhinsk, described the Russian television report on the seizure of a 7-tonne load of Ukrainian zirconium in New York as illiterate misinformation. According to Korovin, the plant, which holds a monopoly on the production of this highly refined nuclear metal, discontinued its output of zirconium a year ago due to the oversupply on the domestic market and numerous obstacles put up by competitors to prevent its sale abroad.

Anybody could buy this commodity, as much as he wants to, at 45 dollars per kg and without any export licence, Korovin said. There is no shortage of buyers, as more than 10 sales contracts have been signed with foreign firms, including American ones. There is no talk of shipment as yet, however, because the buyers are offering to pay five times less than the world price. In Korovin's view, this is due to the fact that Ukraine's numerous rivals are obviously doing all they can, even inventing stories, to bar its materials from foreign markets. This is what the Russian report from

New York is all about, the Pridneprovskiy chemical plant director said.

Economic Issues

Kuchma's Economic Adviser on Policy

WS1306141595 Kiev KIYEVSKIYE VEDOMOSTI
in Russian 8 Jun 95 p 6

[Interview with Anatoliy Stepanovych Halchynskyy, Ukrainian presidential adviser for macroeconomics, by Mykola Zakrevskyy; place and date not given: "The President's Economic Policy Got Its Second Wind With Legislature's Assistance" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] Yesterday's signing of the constitutional agreement concluded an unusual period of political confrontation between the legislature and the president. Should it be expected that the president will seriously bolster his economic policy and genuinely accelerate the implementation of reform after this? We began our talk with Anatoliy Halchynskyy, presidential adviser for macroeconomics, with this question.

[Halchynskyy] The president's economic policy acquires more targeted and — whether you like it — a more permanent nature. At the same time, economic policy should be profoundly intensified. This is understandable. In view of the new situation, the responsibility of not only the president, but of the entire executive branch will be increased — in general — by one decimal place. I refer to the central body and regional bodies of executive power.

[Zakrevskyy] With regard to this, is it possible to conclude that the legislature gave everything the president asked for.

[Halchynskyy] The law adopted on the basis of the constitutional agreement differs a lot from the draft law introduced by the president. I was a member of the conciliation commission and know well all details. Several clauses have been subject to quite considerable changes, with which I would have agreed, except for one, the most fundamental: the right to dissolve the legislature and to impeach the president. When the Supreme Council removed this clause during the adoption of the law, it in essence "threw out the baby," the mechanism providing mutual responsibility of the two branches of power for their activities. In my opinion, in view of such a situation, the principle of division of power loses a very important stabilizing element.

[Zakrevskyy] As is known, the proposal under consideration was introduced by the president himself.

[Halchynskyy] I think it was a forced and simultaneously an efficient — it is obvious now — political move. It was clear that the legislature would not vote for the draft law if this clause was not removed. This would have exacerbated the political situation in the country. If the law on power were not signed a month ago, there would have been no 8 June constitutional agreement. The problem, however, remains, and a new constitution should resolve it.

[Zakrevskyy] Regarding the economic area, it is common opinion that three tenets are most important here: The law helps establish the administration hierarchy, provide for a genuine division of powers between the branches of power, and gives a free hand to the president in forming the government, thus making him more powerful than the legislature. True?

[Halchynskyy] First of all, there are no apparent primary and secondary tenets in political activities, as well as in economic political activities. Second, the legislation ensures only an opportunity to establish an administration hierarchy, which is vitally important for society. This administration hierarchy, however, should be set up in practice. This very complicated process will likely take quite a long time. Again, it cannot be carried out without close cooperation between the president and the legislature. What will the basis for this hierarchy be: firm centralization and state unitarianism, or the use of federalist elements? I — personally — am a convinced supporter of the second approach. This, however, demands that administrative decisions, complicated in their essence, be adopted. The president, however, cannot do this without the relevant legal basis. Take, for example, budget-financial activities and everything will become clear to you.

[Zakrevskyy] Do you want to say that the president has his hands tied just as before?

[Halchynskyy] The signing of the constitutional agreement is a very serious step on the path to forming a civil legal state. With regard to fundamental principles, there are not and cannot be any contradictions on the issue. There is, however, something else: Time is a factor here. Everyone knows that all most important economic activities are unregulated along legislation lines. It is also clear that many laws adopted during our infancy — 1990-92 — should be seriously revised.

In view of the new situation regarding the division of administrative power, the president cannot interfere — either legally or morally — with his edicts in forming the legislation. The opportunity for legislative initiative alone is left. This, however, implies delays of several months.

I will also refer to such an example. Several weeks ago, the president appealed to the Supreme Council to consider on a priority basis some 30 draft laws — submitted by executive power before — on fundamentally important economic trends at its session. According to data from the Financial Ministry, due to a many-month delay in adopting the law on VAT, the state budget has lost some 53 trillion karbovantsi [K]. For comparison: Ukraine's teachers pay for their summer annual leaves stand at K14 trillion. The Financial Ministry is now puzzled over resolving this issue. In view of this, it is obvious that the power — placed upon the president by the Supreme Council — to issue edicts on economic issues unregulated by current legislation is insufficient.

[Zakrevskyy] So, what is the way out?

[Halchynskyy] In my opinion, it is necessary to resolve two issues. First of all, to increase the legislature's efficiency. This can be done only on condition that the legislature is genuinely restructured and the majority of its deputies are efficient. If this is not done, the legislature will continue to work inefficiently. I believe that due to the signed constitutional agreement, this problem will take care of itself in many respects.

Second, the legislature and the president should come to an understanding that the president will introduce relevant draft laws by issuing edicts on issues concerning current legal norms. Drafts of such edicts are to be preliminarily discussed with interested deputies' commissions. It is possible to resolve genuine existing contradictions only through such means. In addition, it is necessary to take into consideration that a legal norm — introduced by the president's edict — will receive the necessary approval, and this fact should be considered by law-makers later. This is how we insure ourselves against the numerous legal mistakes that are now being made. The advantage society derives from this mechanism is obvious: We will be able to considerably accelerate economic reform and simultaneously ensure greater stability for the legislative process. This issue could also be resolved by other means. The most important is that both sides should realize the importance of this problem. It is possible to resolve this issue. I am convinced of this.

[Zakrevskyy] Well, what about the government? Can it be expected that Ukraine will eventually obtain a normal, efficient and at the same time authoritative government when the law on power comes into force?

[Halchynskyy] All necessary legal conditions have been created for this. I, however, would not simplify this issue. In my opinion, there are three related problems that should be resolved in conjunction with each other. I mean the government structure, its membership, and

the mechanism for cooperating with the President's Administration.

[Zakrevskyy] Do you place the structure first?

[Halchynskyy] Yes, because it is our weakest point. I will express my personal opinion: If the current structure is kept, the economic situation will not radically change, whoever comes to the government. It is too heavy, multi-tiered, bureaucratic, and inefficient.

There are also objective difficulties. As is known, the president proclaimed the necessity to shift from sectorial to functional management back in October when he delivered a report to the Supreme Council deputies. Such a shift can be carried out gradually. Therefore, with regard to a new administration structure, we should realize that right now it can only be transitional. It must organically combine both the sectorial and functional principles. I focus attention on this to forestall potential criticism from both the left-wing and right-wing forces. The most important issue today is to liquidate excessive administration, the irresponsibility of duplicative bodies, and to reduce administrative personnel from top to bottom of the hierarchy. It is also very important to genuinely strengthen the role of ministries. The president was convinced of this in his address to the Supreme Council back in April of this year. It is necessary to implement the proclaimed intentions. A minister should play the primary role in the government. We do not have this.

[Zakrevskyy] Will the personnel comprising the president's team, his entourage, whether you like it, his allies, be reduced due to reduction in administrative personnel?

[Halchynskyy] There will be enough work for everyone. Personal ambitions have nothing to do with this. What is the difference what position you occupy? By the way, this is also a reliability test. The president has proclaimed the course toward a very radical correction of economic reform. I think that when personnel issues are raised, it is necessary to consider, first of all, whether this particular tenet of the modern stage of the president's economic policy is understood. On the one hand, the government should include like-minded persons and, on the other hand, the people, who are ready to resolve new and more difficult — one decimal place higher — economic objectives in compliance with their convictions and professionalism.

The structure of the President's Administration should also be subject to reform to ensure the implementation of the two basic functions: providing the strategy and the efficient control over the implementation of the president's policy. Given new conditions, the administration, in my opinion, should become an organic complement

of the government, it should not duplicate, but supplement its functional bodies.

IMF To Grant Second Tranche of Stand-By Credit
LD1306174295 Moscow INTERFAX in English
1246 GMT 13 Jun 95

[FBIS Transcribed Text] KIEV, June 13 (INTERFAX-UKRAINE) — The International Monetary Fund Board of Directors has decided to grant Ukraine the second tranche of its \$357 million stand-by credit.

Gram Justice, IMF permanent representative in the republic, told INTERFAX Monday [12 June] that when adopting their decision, IMF directors had praised Ukraine for success in the first months of its implementation of the macroeconomic stabilization program.

They stressed that the inflation rate in Ukraine had been curbed to under 5 percent largely thanks to the tough fiscal policy followed since the end of 1994.

The IMF leaders stressed the need for continuing the course toward macroeconomic stability and market reforms in Ukraine.

Last April, the IMF passed a decision to grant Ukraine a stand-buy credit worth 100 percent of the republic's quota in the Fund. The Fund is to provide an estimated \$1.5 billion in five tranches over 12 months.

The Ukrainian government has already received the first tranche of around \$60-70 million.

Under IMF-Ukraine agreements, each subsequent tranche will be provided after a fresh analysis of progress in Ukrainian '95 economic reforms.

The Ukrainian government pledges to complete within the first six months of this year the privatization of about 1,000 medium and large businesses as well as to rid itself of five bankrupt enterprises and to lift grain export quotas and licences.

In October of 1994, IMF granted Ukraine an STF credit of about \$700 million. In December 1994, the World Bank provided a rehabilitation credit of \$500 million.

On June 1, the European Union and Ukraine signed an agreement on a credit for the republic worth 85 million ECU.

Budget Amendments on Foreign Economic Activities

WS1406122095 Kiev UKRINFORM in English
0828 GMT 14 Jun 95

[From the "Business News Weekly" feature No. 23, 5-11 Jun 95]

[FBIS Transcribed Text] On June 9, the Ukrainian parliament amended the Ukrainian law "On the 1995 Budget." The amendments, which involved foreign economic operations, will go into effect on July 1.

Import and Excise Duties on Petroleum Products

A 15-percent import duty is being introduced on gasoline and diesel oil imports. The total sum of money charged on these products may not be less than 15 ECU [as received].

A 15-percent tax is also being introduced on the prices of diesel oil and gasoline being sold through retail outlets.

Petroleum products manufactured in Ukraine from give-and-take raw materials are exempted from taxation.

Ukraine's demand for petroleum products is 16 million tonnes per year. However, it can only produce about 2 million tonnes from its own crude oil.

Import Tax Exemptions Abolished

The legislative act which made provisions for exemptions on VAT, excise duties, import duties, and customs duties is being abolished.

Five Percent Tax Imposed on Export Goods

A five percent tax is being introduced on rolled metals, metal wares, steel pipes, metal scraps, carbamide, and ammonia meant for export.

The sum of the taxes will be added to the production costs of the products.

Import Duty Imposed on Coal

A 15 percent import duty is being imposed on coal.

The total sum of money paid as tax on one metric ton of coal may not be less than 2 or 3 ECU (depending on its quality).

Funds obtained from the import duty will be used, among other things, to establish a stabilization fund in the Ukrainian fuel and energy complex.

According to Heorhiy Pryymachuk, chairman of the Ukrainian State Committee for the Oil and Gas Industry, returns of between 250 and 300 million dollars are expected every year.

Canadian Firms To Explore Diamond Deposits

WS1406122195 Kiev UKRINFORM in English
0828 GMT 14 Jun 95

[From the "Business News Weekly" feature No. 23, 5-11 Jun 95]

[FBIS Transcribed Text] Representatives of a group of Canadian mining companies, which includes the Zolotto Mines, the KMD Exploration, the Airoquest, and others, are due to meet with officials from the Ukrainian Economics Ministry and the Ukrainian State Committee for Geology in mid-June.

The two sides will discuss the possible participation of the Canadian companies in explorations for diamonds in Ukraine.

Preliminary estimates suggest that the first phase of the project, which will take two years to complete, will cost 20 million U.S. dollars.

In the event of the discovery of diamond deposits, the Canadian companies will be granted priority rights in mining them.

The project, which was initiated by Canadians of Ukrainian origin, was one of the issues discussed during Ukrainian President Leonid Kuchma's official visit to Canada last October.

According to the results of geological explorations which were carried out in the 1980's, the Mariupol, Khmel'nitsk, and Kirovograd regions of Ukraine are thought to be rich in diamonds.

Gas Shipments Stopped; 'Undersupply' Detailed

WS1406124695 Kiev UKRINFORM in English
0828 GMT 14 Jun 95

[From the "Business News Weekly" feature No. 23, 5-11 June]

[FBIS Transcribed Text] On June 1, Turkmenistan stopped its natural gas delivery to Ukraine, sources with Ukrhazprom reported.

Thus, Ukraine failed to receive 317.6 million cu. m. [cubic meters] of Turkmen natural gas within the June 1-8 period, which amount Turkmenistan was supposed to pipe to Ukraine in accordance with a bipartite agreement of January 20.

In May, Turkmenistan's undersupply of natural gas to Ukraine amounted to 764 million cu. m. The aggregate amount was 1,230 million cu. m.

As of the beginning of this year Turkmenistan was to pipe 5,053.7 million cu. m. of natural gas to Ukraine. As

of June 1, actual deliveries amounted to 4,441.8 million cu. m., the Ukrhazprom sources say.

Turkmenistan set its yearly quota for Ukraine at 25 billion cu. m., of which 14 billion cu. m. is the so-called state order. The Ukrresursy company was put in charge of its redemption.

Under a contract with this state-run company, the order's commodity coverage and currency redemption may be entrusted to non-state firms. The latter category's quota for imports of Turkmen natural gas was set at 11 billion cu. m.

By agreements with the Ukrresursy, the following contracts involving Turkmen natural gas imports were concluded:

- m └─ by Ukrhazprom (involving 11 billion cu. m.);
- m └─ by Russia's Omsk (the registered contract provided for 4.5 billion cu. m., the original agreement envisages over 10 billion cu. m.);
- m └─ by Ukrainian non-state-owned firms (a total of about 5 billion cu. m.).

Turkmenistan resumed its natural gas delivery to Ukraine in late January 1995 after an agreement had been signed in Kiev for Turkmenistan's natural gas supplies to Ukraine in 1995.

Turkmenistan stopped its natural gas delivery to Ukraine in November 1994 because of the Ukrainian government's financial agent "the Respublika" having failed to pay for the natural gas shipments on time.

Ukrhazprom actually received 13,562 million cu. m. of Turkmen natural gas in 1994, versus the agreed amount of 28 billion cu. m.

Edict To Protect Domestic Market From Dumping

WS1406124095 Kiev UKRINFORM in English
0828 GMT 14 Jun 95

[From the "Business News Weekly" feature No. 23, 5-11 Jun 95]

[FBIS Transcribed Text] The Ukrainian Ministry for Foreign Economic Relations is reported to have drawn

up a draft presidential edict aimed at protecting the domestic market against imported commodities sold at dumping prices.

The edict is expected to be signed by the president in July. Its basic procedure for anti-dumping suits involves well-justified bills of complaints against dumping shipments of foreign commodities to be filed with the Ministry or the Interdepartmental Committee for Anti-Dumping Investigations. The amount of such dumping shipments may not be less than 3 percent of Ukraine's national production output.

Relevant sanctions will be imposed on importers. In particular, the preliminary anti-dumping duty may not be imposed for terms exceeding 200 days.

According to Andriy Honcharuk, Ukraine's deputy minister for foreign economic relations, Ukrainian businessmen are currently probing for opportunities to sue a number of importers on dumping charges, in particular, Ukraine's importers of tobacco goods.

In August 1994, the Ukrainian president issued an edict to prevent Ukrainian dumping exports. The edict also set up the Interdepartmental Committee for Anti-Dumping Investigations Against Ukrainian Producers.

The Committee is expected to be in charge of anti-dumping investigations involving Ukrainian importers, as well. As of today, U.S. and EU businesses have won or initiated proceedings involving 25 anti-dumping suits against Ukrainian exporters.

Belarus

Lukashenka: Belarus, Russia 'Doomed To Live Together'

LD1306212595 Moscow INTERFAX in English
1728 GMT 13 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Belarus and Russia are "doomed" to live together, President Lukashenka stated on national TV on Monday [12 June] evening.

"The moral, psychological and economic features of the two Slavic republics do not allow us to separate," he said. "The question is, however: Who of the politicians is capable of shortening the way towards integration?" said Lukashenka.

He also said that the policy pursued by the current Belarusian leaders is the "people's policy". "We expect Russia to demonstrate similar political will," he said.

He noted that while considering the possibility of integration Russia has never raised questions that might tell on Belarusian sovereignty. "Russia would have lost a great deal if Belarus had become its north-western limit," he said.

Speaking about the fears of Lukashenka's dictatorial ways, he said: "It would be unwise to talk about the restoration of dictatorship in the center of Europe, but the people's policy would be tough."

Columnist Derides NATO, Partnership for Peace

WS1306121595 Minsk RESPUBLIKA in Russian
7 Jun 95 p 4

[Article by RESPUBLIKA military columnist Anatoliy Sulyanov: "Partnership for Peace: Belarus Between the Devil and the Deep Sea?"]

[FBIS Translated Text] In the center of Europe, 46 years ago in the heat of the "cold war," the USSR's erstwhile allies from the anti-Hitler coalition set up a military bloc named NATO. Over a short period of time, a gigantic super-headquarters with numerous directorates and departments commanding armed forces from Norway in the north to Turkey in the south was established. It was characteristic that the Soviet Union was the bloc's permanent enemy at all military training exercises.

We had to make an alternative decision, and set up the well-known Warsaw Pact uniting socialist countries' armed forces.

Toward the beginning of the 1950's, two opposing blocs were thus created, between which a large-scale "cold war," fueled by shortsighted politicians and their "assistant" journalists, developed at the initiative of the West. It soon became clear that the Pentagon, supported by the White House, bet on a policy of threats, blackmail, and force, which led to the spiraling arms race, as well as mass production of missiles and their deployment in Europe.

Striving to achieve total military supremacy, the United States expanded areas for using new type of weapons, and established a network of headquarters and command centers, which naturally deteriorated the already tense relations between the world's two largest military blocs.

Realizing that the competition in production of expensive nuclear weapons would inevitably increase, the political leadership of the Warsaw Pact suggested to dissolve the two military alliances to avoid extremely dangerous accumulation of nuclear missiles. This proposal was enthusiastically approved by society and the population.

It seemed that mankind would finally get rid of the monstrous arms race and the threat of a lethal nuclear war. The United States and its NATO allies, however, did not consider it necessary to participate in talks on this issue. The idea of dissolving the military blocs was nipped in the bud, as the saying goes.

It was characteristic that proposals regarding the military bloc's dissolution were frequently presented by the Soviet Union and the Belarusian mission to the United Nations, but Western countries either did not respond at all, or drowned the issue in bureaucratic correspondence.

Immediately after Mikhail Gorbachev came to power, proposals regarding unilateral dissolution of the Warsaw Pact appeared. This issue was artificially "fanned" by such politicians as G. Arbatov, E. Shevardnadze, A. Yakovlev or other public activists. The military bloc's disintegration became apparent.

After the rapid dissolution of the Warsaw Pact, naturally, the issue of dissolving NATO became acute. And this was justified, because one of the conflicting blocs, namely the Warsaw Pact, ceased to exist.

It would have been a natural continuation to dissolve the second military bloc — NATO.

This did not happen, however! Numerous statements defending NATO with very weak arguments appeared in the press, including the Russian one. Moreover, flexible politicians from the White House quickly found a new purpose for NATO troops: At the invitation of [UN

Secretary General] Butrus-Butrus Ghali and his allies, NATO air forces, under the command of U.S. generals, conducted a number of massive air raids on cities and villages in long-suffering Yugoslavia, primarily on Serbs and their populated areas, communication lines, and areas of concentrations of troops and military equipment.

It soon became clear, however, that NATO's air strikes against Serbian cities did not result in a truce between the warring sides. Moreover, the following questions were addressed to the United Nations: According to which law are NATO forces scorching populated areas in tormented Yugoslavia? Following powerful pressure on NATO from the world community, and due to the low efficiency of the use of NATO air forces, it was decided to halt NATO air raids on Yugoslavia.

The world community would increasingly often ask the following fundamental question: What is the purpose of NATO, given the fact that the Soviet Union, "the evil empire," "monster," etc. has collapsed. Against whom is NATO going to fight? Who is going to attack Europe?

A new use for the military bloc was soon found: The United States obliged European countries' armed forces to participate in a U.S. Blitzkrieg in the south, in a crusade against Iraq...

After routing Iraq and its army, NATO units and subunits returned to their permanent bases. But the questions as to what is the purpose of NATO is arose again. It seemed that all tasks had been accomplished, and that it was time to think about the future of the military bloc created during the "cold war." Why did NATO not dissolve itself? Let us presume that it did: The number of tanks, planes, personnel, and artillery pieces would have decreased, and the taxation burden choking workers, the intelligentsia, and producers would have been eased.

Who is going to attack NATO? Will Russia, with its weakened army unready for combat and a defense industry working at 25 percent of its capacity?

At that time, a new idea was born in the depths of the Pentagon and U.S. Department of State — to present NATO as an organization taking care of peace, people, the earth, etc., day and night. The startlingly sly and lulling "Partnership for Peace" doctrine was brought to light, which was immediately baptized "Partnership for... NATO" by nonchalant journalists.

The other part of the journalistic Olympus, loyally and devotedly serving the powers that be, quickly overloaded the press with reams of articles supporting the "partnership." Having read them, the baffled public

would ask: "Does it make any sense? Thousands of tanks and... partnership for peace?"

As a matter of fact, how can one associate a military organization, armed to the teeth, with a certain new whimsical creation fighting for peace? After all, it is the United Nations which is supposed to maintain stability in the world and peace among people on all continents.

There is also the Organization on Security and Cooperation in Europe [OSCE]. It is obvious that it is supposed to take care of all matters in its European home. The ball, as the saying goes, is in its hands.

What does Europe essentially need in our unpredictable times fraught with large and small-scale conflicts? It is security and cooperation, meaning things that are the foundation for OSCE activities.

What can one do with East European countries remaining after the collapse of the Warsaw Pact, however?

The Pentagon and the U.S. Department of State found a place for the "unfortunate and tormented" countries — at a table prepared for signing a protocol on intentions to join NATO, though under a different logo — "Partnership for Peace." Are you, readers, aware of the goal of this cunning policy? The goal is to preserve NATO! Its powerful armed forces, carrying out all directives and orders from the superpower — the United States — will rule worldwide.

Following this, our erstwhile allies from the Warsaw Pact were unequivocally hinting that they should join NATO's "Partnership for Peace" league. And the Czech Republic, Hungary, and Poland obediently did that...

Esteemed readers, let us presume that, after joining NATO, Poland will have to make its territory available for the deployment of... NATO nuclear missile units, primarily U.S. brigades and divisions. Yes, brand new surface-to-surface missiles made in the United States will stand on the banks of the Bug River.

This occurrence, of course, will immediately change the strategic situation in Central Europe. It must be taken into consideration that Russia will have to take adequate measures to protect its territory — it will deploy three or four missile and tank armies in the vicinity of Smolensk, Pskov, or Bryansk. The situation will be destabilized, a new arms race will perhaps begin, and Europe will be jam-packed with the latest models of armored personnel carriers, infantry fighting vehicles, tanks, airplanes, and missiles.... No resolutions signed in Helsinki by the CSCE will then stop the threat of a new confrontation between the two most powerful military blocs, since these resolutions have already been violated by the

redrawing of European borders. The CSCE resolutions will then become nothing more than a palliative.

Belarus will end up between the two military blocs with all the ensuing consequences.

It was characteristic that many European politicians (former NATO Secretary General M. Werner and others) opposed to East European countries' accession to NATO, perfectly understanding that drawing the military bloc closer to Russia's borders may dramatically deteriorate the situation in Central Europe.

The issue of Russia's accession to NATO may then arise. However, the United States, in my opinion, will oppose Russia's accession to NATO as a full member, because it will not want to share its leading role in NATO Headquarters. Politicians from the White House will thus take all required measures in their country to prevent Russia from becoming a full member, reserving for it the role of a semi-honorary partner in this bloc of European countries.

Many blunders have been committed in politics over the last few years, particularly by those who had no long-term, coordinated plans and acted shortsightedly and without trying to look ahead, while making decisions on certain strategic issues. The current impoverishment of the people is also a result of this shortsighted policy.

The Belarusian leadership will have to reasonably and wisely define its place in this contradictory mass of sharply deteriorating circumstances, while continuing to adhere to agreements and commitments, following a policy of mutual respect, and taking care of both its own interests and peace in Europe.

Ambassador to Poland Tarazevich Dismissed

LD1306130895 Minsk Radiostantsiya Belarus
International Service in Belarusian
1800 GMT 12 Jun 95

[FBIS Translated Text] At the beginning of June an edict by the president of the Republic of Belarus was signed and published. It released Georgiy Tarazevich from his duties as ambassador extraordinary and plenipotentiary of the Republic of Belarus to the Republic of Poland in connection with his transfer to other work.

In a telephone interview with a NARODNAYA GAZETA correspondent, Georgiy Tarazevich said that he learned of his dismissal from the Polish press. He himself had not intended to transfer to other work. He sent an urgent telegram to Minsk addressed to Alyaksandr Lukashenka concerning the reasons for the edict releasing him from the post of ambassador. Georgiy Tarazevich put it this way: This whole story

can be linked to my election addresses in the press. As is known, the position of Georgiy Tarazevich was somewhat different from that of Alyaksandr Lukashenka. But that is only a supposition.

And this is how our country's foreign minister, Uladzimir Syanko, commented on the dismissal of the Belarusian ambassador extraordinary and plenipotentiary to Poland. Incidentally, the edict on the dismissal was issued at his suggestion. Any diplomat in any country knows that it is inarguable that the ambassador represents the interests of his state abroad, and, naturally, the interests of the president, who, in accordance with the Constitution, plays a substantial role in implementing the state's foreign policy. Uladzimir Syanko noted in an interview with ZVYAZDA. Under no circumstances can a diplomat abroad criticize the state whose authority he represents. If he starts to do this, it automatically means that such a person has (?already) independently made the decision to leave his post.

Supreme Soviet Urged To Confirm New Deputies

WS1406084095 Minsk Radio Minsk Network
in Belarusian 0300 GMT 14 Jun 95

[FBIS Translated Text] Both the state and I, as president of Belarus, need parliament. There are many (?shelved) bills, which cannot be executed by way of presidential decrees. These bills should be urgently passed by the Supreme Soviet. This is what President Alyaksandr Lukashenka told journalists. He emphasized that it is necessary to acknowledge that the functions of the old parliament have been exhausted and, as of today, they are illegitimate. According to the president, the term of the Supreme Soviet ended as early as March, even though the people's deputies themselves set the date of 14 May.

Alyaksandr Lukashenka recalled that at present it is impossible to implement his former proposals, which were rejected by the Supreme Soviet in its time. The point is, he underscored, that the old parliament is not allowed to change the Constitution during the last six months of its term. In the president's opinion, there is only one option left now — to recognize the validity of the new parliament on the condition that two-fifths of its deputies are elected, and to provide a possibility for this new parliament to work.

The president announced that if there is not be a quorum at the emergency session of the Supreme Soviet, which is scheduled to take place in Minsk today, then he will be obliged to make decisions on his own.

Moldova

Second Thoughts About Treaty With Romania

LD1306224295 Moscow ITAR-TASS World Service
in Russian 1306 GMT 13 Jun 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Translated Excerpt] Chisinau, 13 Jun — Prime Minister Andrei Sangheli told an ITAR-TASS correspondent today that there was a delay in signing the treaty of friendship and cooperation with Romania because Bucharest would like to conclude a special accord that would take account of the problem of the Molotov-Ribbentrop pact. According to him, however, the Moldovan Government intends to approach this issue proceeding from European standards. [passage omitted]

Moldovan experts believe it is impossible to continue work on the treaty because principles of gradual unification of the two countries, unacceptable to Chisinau, have been laid down in the draft. Thus, despite assurances of "fraternal relations," Romania remains practically the only neighboring country with which Moldova has no friendship and cooperation treaty.

Oil Port Project Depends on Redrawing Border

LD1306195495 Moscow Russian Public Television
First Channel Network in Russian
0800 GMT 13 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Text] [Correspondent Yuriy Selivanov] The Danube River bank stretches for many hundreds of kilometers, but only about 500 meters of it goes through Moldova. However, it appears that it will be precisely these meters that will allow Moldova to declare itself a sea power with full rights in the very near future.

The building of an oil terminal toward the mouth of the Danube near the village of Dzhurdzhuleshty will make Moldova self-sufficient in energy, the authors of the project believe. It will cost 50 million dollars to build this oil port, in which a number of Western banks have already expressed an interest. Moldovan officials say they have already struck agreements on importing oil from Kuwait and Iran and for supplies of oil products from neighboring Romania. The whole project depends on Ukraine agreeing to give Moldova 10 square km of its territory, in the Odessa region's Reniskiy District. Ukraine's authorities have so far rejected all Chisinau's proposals to redraw the borders, saying they are unacceptable both from the legal and economic point of view.

Russian Peacekeepers Said Unable To Guard Army Depots

AU1406102395 Chisinau BASAPRESS in English
2120 GMT 13 Jun 95

[FBIS Transcribed Text] Tiraspol/Chisinau BASAPRESS, 13/6/1995 — The Russian peacekeepers [deployed in Dniester to monitor the situation there] would not be able to guard the 14th Army depositories should the need arise, BASAPRESS learned from a reliable source in the 14th Army Command. In his opinion, the peacekeepers supplied by the 14th Army do not have the technical facilities for such a mission. Yuriy Bychkov, Joint Control Commission (JCC) cochairman on behalf of Russia had stated earlier to the newspaper IZVESTIYA that "should the need arise, Russian peacekeepers will be able to guard the 14th Army depositories." An official from the [Moldovan] Defense Ministry told BASAPRESS that the possibility of using the peacekeepers to guard the 14th Army depositories was never officially discussed. "First, the Russian peacekeepers' competence is regulated by the Russian-Moldovan agreement of 21 July 1992. Second, Moldova has always insisted that the equipment be first pulled out in the 14th Army withdrawal process," said the quoted source. Russia has two battalions of about 600 peacekeepers in the Dniester region, who, together with Moldovan peacekeepers, control a security zone of 200 kilometers.

PDAM Plans 'Informal' Conference on Dniester

AU1406110595 Chisinau INFOTAG in English
1952 GMT 13 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG, 13/6/1995 — A roundtable discussion named "From Opposition to Accord, Economic and Spiritual Prosperity" will be held in Chisinau tomorrow. It is organized by the ruling Democratic Agrarian Party of Moldova (PDAM) and will involve political forces from the Dniester region. The PDAM is thus seeking to promote — informally, through public diplomacy — the solution of the Dniester crisis, for all governmental and parliamentary efforts to settle the dispute officially have been so far inefficient due to Tiraspol's reluctance to agree to compromise. Invitations were sent to all political parties and movements in the Dniester region. These are both moderate forces, such as the Party Against Poverty and for Prosperous Society, the Agrarian Party, the South-Western Union of Industrialists, the Dniester trade unions, and radical formations, such as the United Council of Labor Collectives, the Afghan Veterans Union, the Communist Party of Dniester Workers, the Popular Governance Party, and some other.

The PDAM's initiative to gather representatives of different political orientations to discuss the Dniester problem is practically the first attempt of the kind since Moldovan independence, though there were many propositions. A similar roundtable was held in spring 1990, when first differences with the Dniester region emerged. It was then organized by the former Central Committee of the Communist Party of Moldova [PCM]. One of its initiators, Eugen Sobor, the former Secretary of the PCM Central Committee and currently the chairman of the recently established Social Progress Party, said to INFOTAG that in 1990 the sides missed a chance to reach an accord around the language problem, which then became the apple of discord between Chisinau and Tiraspol, and later on served as pretext for declaring the Dniester Republic. The 1990 roundtable participants signed a protocol of accord concerning the language legislation, which, in case of practical implementation, could have relieved the tension in the region. However, the document stipulated the right of veto by any of the parties involved. Alas, the protocol has never been implemented, because the then leader of the Popular Front, Ion Hadarca, who is currently a parliament member representing the Bloc of Peasants and Intellectuals, withdrew his signature at the last moment. The chairman of the Benderi Trade Union Coordination Board [in Dniester] and member of the presidium of the Dniester Trade Union Federation, Grigoriy Valovoy, considers as quite timely the roundtable discussion between Moldovan and Dniester political forces to meet tomorrow in Chisinau on the initiative of the PDAM. He said to INFOTAG that "it's high time we gathered and talked, for both sides of the Dniester have plenty of problems to discuss." "I believe, we have made enough theoretical researches, and should now place more emphasis on practical deeds. First and foremost, we should proceed to solving social protection problems, to lowering unemployment, and to raising the standard of living," he said.

Valovoy stressed that in settling the Dniester dispute the sides should also concentrate on solving economic issues. In that case, many political problems will be much easier to handle.

Gagauz Yeri Elections Viewed, 'Irregularities'

*AU1306121395 Chisinau BASAPRESS in English
1951 GMT 12 Jun 95*

[FBIS Transcribed Text] Comrat BASAPRESS, 12/6/1995 — Georgiy Tabunshchik was elected Gagauz Yeri governor by 44 percent of the votes of the eligible voters at the 11 June elections. Mikhail Kendigelyan gained 22 percent of the votes of the eligible voters. In the

first electoral round the Comrat speaker won 28 percent of the votes in the competition against other three candidates. Tabunshchik and Kendigelyan won most of the votes in the first round. About 64 percent of the 105,000 eligible voters of 30 Gagauz Yeri localities participated in the second round, Ion Vieru of the Central Electoral Commission (CEC) relayed to BASAPRESS. "The results of repeated elections exceeded all our forecasts and expectations," said Vieru. Observers from the United States, Turkey, and Bulgaria were present at the polling stations. The CEC registered some violations of the elections law in Comrat committed by Vatan Party representatives, who tried to intimidate voters by determining them to vote for Kendigelyan. On the other hand, foreign observers told BASAPRESS that no serious violations occurred.

Georgiy Tabunshchik, 55, agronomist by profession, former communist boss of the Comrat District, is president of the Menatep financial company. Over the past seven years he held various public offices in Chisinau.

At yesterday's second round of elections to the Gagauz Yeri people's Assembly six deputies were elected for the seven seats, which remained vacant since the 28 May elections. Elections were declared null in one village because of absenteeism. The three constituencies of Comrat voted in favor of Dimitry Konstantinov, an independent deputy, Konstantin Tushanji, of the Gagauz People's Party, and Ion Bejan, of the Communist Party. Former Gagauz Speaker Mikhail Kendigelyan, former Gagauz Vice President Pyotr Buzadji, and Viktor Volkov of the Socialist Party, and the Unitate-Edinstvo Bloc also ran for the People's Assembly in Comrat. There is not any known Gagauz leader among the 34 deputies elected for the 35 available seats. On 10 June Mikhail Kendigelyan stated to the local newspaper KOMRATSKIYE VESTIY that he thinks he stands real chances to become governor. "With all the flaws our administration has, the people will not oust those who contributed to the Gagauz problem settlement," asserted Kendigelyan.

The CEC pointed out certain irregularities during the 11 June elections in Gagauz Yeri, while foreign observers said no serious electoral frauds had been committed. BASAPRESS learned from the CEC that Vatan Party members committed frauds at the Comrat polling stations by trying to intimidate voters. The CEC discussed this case at an extraordinary meeting attended by Vice Premier Valeriy Bulgari, chairman of the Joint Commission for the Implementation of the Gagauz Yeri Law. Followers of candidate Mikhail Kendigelyan stated that many voted without presenting their identification documents. Earlier Ivan Buguji, one of the staunchest sup-

porters of Kendigelyan, stated that even in case of minor violations the polling stations will be blocked. Konstantin Serf of the CEC said that he personally verified a case of intimidation at the Comrat Polling Station No. 4, where Vatan Party representatives were intimidating voters. The situation was most tensioned at the Vulcanesti electoral commission, with Macar Chihai. The

commission including most of all members of the Vatan Party was also changed by the Vulcanesti District executive committee. On 4 June Vulcanesti District executive Konstantin Karagyaur was assaulted in his house and is still in hospital. Many observers think that the incident is related with the changes in the membership of the electoral commission.

Kazakhstan

Demirel Leads Turkish Delegation on Visit

Nazarbayev, Demirel Discuss Economics

LD1306220395 *Almaty Kazakh Television First Program Network in Russian 1100 GMT 13 Jun 95*

[FBIS Translated Excerpt] As was already reported, a Turkish official delegation led by President Suleyman Demirel arrived in Almaty the evening of 12 June.

[Unidentified correspondent] An official reception ceremony for the high-ranking guest took place at the Presidential Palace this morning [13 June]. The anthems of the two states were played. The delegation from the Republic of Turkey included Deputy Prime Minister Hikmet Cetin, State Minister Ayvaz Gokdemir, senior advisors, representatives of the Foreign Ministry and other officials. [passage omitted]

After that, according to protocol, the two heads of state held a private meeting at which a wide range of bilateral cooperation issues were discussed. At the meeting, Demirel noted that Kazakhstan had been regarded since the first day of its independence as a potentially serious and the most important regional partner of Ankara in international issues.

During expanded format negotiations, both sides expressed their willingness to maintain close contacts and regular dialogue. Progress in the implementation of agreements reached at previous high-level meetings, as well as rapidly developing trade, economic, scientific-technological, and cultural links were analyzed in detail. [passage omitted]

The Turkish president spoke in favor of the economic reforms being carried out in Kazakhstan.

Nazarbayev said that friendly relations between the two states contributed significantly to the strengthening of stability, peace, and security in the region and in the world.

In the Golden Hall of the Presidential Palace, Nazarbayev and Demirel signed a joint declaration on further developing and extending cooperation between Kazakhstan and Turkey. Then Deputy Prime Minister Imangali Tasmagambetov of our country and Deputy Prime Minister Hikmet Cetin of Turkey signed a treaty between Kazakhstan and Turkey on legal assistance in civil actions. One more document was also signed. This was a contract between the Kazakhstan Energo state energy company of the Ministry of Power and Coal of the Republic of Kazakhstan and the Siemens-BMW consortium to build an electric power station on the outskirts of Aktyubinsk. This contract was signed by

Viktor Khrapunov, minister of power and coal, and Ali Riza Gokurd, president of the BMW company.

At a news conference held afterward, reporters asked questions concerning prospects for bilateral cooperation, the political and economic situation in Turkey, contacts in the oil and gas industry, as well as on agreement between the two countries on avoiding dual taxation. The Kazakh and Turkish presidents noted with approval the dynamism of bilateral relations based on the fact that the two nation's languages, culture, and traditions are close to one another. A KHABAR correspondent also asked a question: Tell me, please, what difficulties exist in developing trade and economic relations more successfully? If there are any difficulties, what needs to be done in order to overcome them? In answer to this question, Demirel said unambiguously that there were no problems or difficulties impeding cooperation.

[Begin Nazarbayev recording] In Kazakhstan, 269 Turkish companies are accredited. There has been an eight-fold increase in trade turnover over the last three years. Kazakhstan sincerely welcomes Turkish President Suleyman Demirel and his entourage. Kazakhstan wishes them a successful visit and the implementation of all the tasks they have set themselves. [end recording]

Agree on Oil Pipeline Project

LD1306172195 *Moscow INTERFAX in English 1246 GMT 13 Jun 95*

[FBIS Transcribed Text] ALMATY, June 13 (PIA-INTERFAX) — Kazakhstan and Turkey intend to create a consortium for building an oil pipeline running through Turkey over to the Mediterranean, Kazakh President Nursultan Nazarbayev stated during a press conference held jointly with Turkish President Suleyman Demirel.

He said investors are now being sought for the project. "This is going to be a very short route for supplying Kazakh oil to the world market," said Nazarbayev. He emphasized that Russian oil companies will also be invited to participate.

Demirel confirmed that a basic agreement had been reached on the transportation of the Caspian oil to the Mediterranean through Turkey. However, the timetable will become clear only after preparatory work has been done, he said.

Nazarbayev and Demirel signed a declaration in Almaty on June 13 confirming that Turkey and Kazakhstan will broaden cooperation in studying technical, financial and other aspects of the project.

Kazakhstan annually exports about 4 million tonnes of oil through Russia. By 1997-98 it is planning to boost oil

exports up to 15 million tonnes annually with the help of the American Chevron and other Western companies.

A year ago, Kazakhstan, Russia and Oman set up a Caspian pipeline consortium to transport oil from the Tenghiz oil field in the west of Kazakhstan to Russia's Black Sea ports. Neither Nazarbayev nor Demirel clarified whether the new consortium will be an alternative to the existing one, or work in parallel with the latter.

Nazarbayev Approves Main Provisions of Constitution

LD1306213595 Moscow INTERFAX in English
1652 GMT 13 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zhrebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Nursultan Nazarbayev has approved the main provisions of the country's new constitution saying "they meet international standards", Justice Minister Naghashybay Shaykenov told Interfax.

The proposed basic law was high on the agenda of Nazarbayev's meeting on Monday with Head of the French Constitutional Court Roland Dumas, with Shaykenov also attending it.

The minister said the new constitution provides for a democratic state, but with a strong presidency. Unlike the existing one, the new basic law envisages a more coherent arrangement for power sharing between government branches.

Kazakhstan will have a bicameral parliament which can be dissolved by the head of state who in turn is subject to impeachment if need be.

The draft is to be discussed by the Assembly of Peoples of Kazakhstan on June 30 before being put for a nationwide referendum later.

Tajikistan

New PRC Envoy Discusses Economic Ties

LD1406104595 Dushanbe Radio Tajikistan Network
in Russian 0400 GMT 14 Jun 95

[FBIS Translated Text] Tajik Foreign Minister Talbak Nazarov yesterday received (Chen Yunchen), the newly appointed ambassador extraordinary and plenipotentiary of the PRC to Tajikistan.

Bilateral relations were discussed in the course of the conversation, which took place in a friendly and businesslike atmosphere. Particular attention was paid

to the issue of Tajik-Chinese economic cooperation. The parties arrived at the common view that Tajikistan and China are not currently making sufficient use of the potential for cooperation.

(Chen Yunchen) said that the PRC is ready to cooperate with Tajikistan on a wide range of economic issues and to develop cultural, scientific, and technological relations.

Incidentally, a PRC delegation arrived in Dushanbe yesterday at the invitation of the Tajik society for friendship and cultural relations. The guests include leaders of the people's government in the Xinjiang Region, and representatives of commercial structures and specialists in economic relations with foreign countries. The Chinese guests intend to hold meetings with a number of officials, including Deputy Prime Minister Bozgul Dodkhudoyeva; with the Dushanbe administration; and with activists of the Tajikistan-China friendship society.

Rakhmanov Condemns Killers of Army Commander

LD1306144595 Moscow ITAR-TASS in English
1438 GMT 13 Jun 95

[FBIS Transcribed Text] DUSHANBE, June 13 (ITAR-TASS) - "Forces which do not want peace and national concord in Tajikistan, which are endeavoring to destabilise the political situation in the republic, are to blame for the assassination of the Commander of the Tajik Defence Ministry's Special-Purpose Brigade, deployed in the city of Kurgan-Tyube, the administrative centre of Shatlon region," Tajik President Emomali Rakhmanov stated today during a meeting with the local population and with the murdered officer's comrades-in-arms. It is pertinent to recall that Colonel Kuganov was shot dead point-blank on June 12.

The Tajik leader expressed condolences to the officer's relatives and near ones, stressing that the treacherous shot in the back did not achieve the desired end, because the people of Tajikistan distinguish clearly between true friends and enemies, and no forces will be able to turn them off the chosen road. Rakhmanov said that the criminals, responsible for the death of the officer, who had formerly been among the military leaders of the Tajik People's Front, which strove for the restoration of the constitutional system in the republic in 1992, would be found and punished most strictly in accordance with the law in force.

ITAR-TASS was told by officials of the Tajik Security Ministry that it possessed information on the identify of the assassins. They are now being sought. At the same time, independent sources in Tajikistan express

doubts that the true organisers of Colonel Kuganov's assassination could ever be found. The true reasons of the tragic death of Samgak Safarov and Faizali Saidov, leaders of the People's Front, who were assassinated in Kurgan-Tyube in the spring of 1993, are still unknown.

These sources presume that the assassination of the "People's Front" leaders and of their former associate Colonel Izatullo Kuganov, could be explained by the ongoing struggle over spheres of influence among the former comrades-in-arms, which began right after the People's Front's victory over the opposition in December 1992.

Tajiks Act To Tackle Dushanbe Bread Shortage

LD1406104295 Dushanbe Radio Tajikistan Network in Russian 1000 GMT 13 Jun 95

[FBIS Translated Excerpt] A headquarters has been set up under the Dushanbe city administration with the aim of providing the city's population with bread. The members of the headquarters include the deputy chairman of Dushanbe city administration, (?Kharamatulla Desinov), representatives of the Ministry of Grain Products, the state committee for contracts and trade, the (?Suznat) company, the Security Ministry, the oil depots, and the bakeries: that is, those who bear the greatest responsibility for this matter. [passage omitted]

[Unidentified correspondent] It is only because of the president's intervention in this problem that the situation is improving, although with difficulty. It is not the first time this kind of headquarters has been set up after the intervention of Emomali Rakhmanov — and then things are let to slide. This will be taken advantage of by the most dishonest of profiteers; it is difficult to call those who speculate in bread honest or unselfish. [passage omitted]

Uzbekistan

Karimov Meets Japanese Investment Chief

LD1406090495 Tashkent Uzbekistan Television in Uzbek 1600 GMT 13 Jun 95

[FBIS Translated Excerpt] Uzbek President Islam Karimov today received Akira Nishigaki, chairman of the Overseas Economic Cooperation Fund of Japan, who is visiting our country. [passage omitted]

[Unidentified correspondent] As a result of this meeting it is planned to sign an agreement on granting credit to Uzbekistan on easy-payment terms.

The Uzbekistan leader spoke about the changes taking place here, about its economic potential, the main features of the transition to market relations, and the republic's desire to become self-sufficient in oil and grain,

and said the republic is ready to establish mutually advantageous cooperation with any financial organization.

This meeting will form the basis for an agreement which is to be concluded with the fund for granting credit to develop the telecommunications sector. At the meeting it was also noted that there are opportunities for cooperation in the areas of refurbishing the railway network and building hotels and airports. [passage omitted]

Karimov Issues Edict Liberalizing Economy

LD1306213895 Moscow INTERFAX in English 1733 GMT 13 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Islam Karimov issued a decree on accelerating the transformation of state-owned enterprises into public companies and on improving the securities market.

The decree, published Tuesday [13 June], says that numerous ministers, heads of agencies and heads of local executive bodies do not comprehend the importance of transformation in the program of economic reforms.

The transformation of state-owned enterprises into public companies will be accelerated. The government will approve within a week a procedure of setting up such companies so as to reduce to a minimum the time consumed in paper work and issue of shares and certificates.

Karimov ordered the setting up of a network of investment funds that will save the money of the country's citizens and make the shares reliably profitable (IF Note: such funds have been nonexistent in Uzbekistan). The associated ministries and agencies have to work out mechanism to preventing scheming and frauds on the part of the funds. IF Note: Over 3,000 enterprises accounting for 48 percent of the gross domestic products have become public companies in Uzbekistan. The share of the non-state sector in the GDP will be increased to 60 percent before the end of the year.

Karimov also signed a government ordinance removing restrictions on exchange of the national currency for convertible currency. (IF Note: Until now a maximum of \$100 could be exchanged at a time).

The ordinance has been adopted in order to enhance the convertibility of the national currency, the sum.

No stamp will be made in the passport specifying the amount exchanged.

Government To Lift Foreign Currency Restrictions

LD1306184195 Moscow INTERFAX in English
1311 GMT 13 Jun 95

[FBIS Transcribed Text] TASHKENT, June 13 (INTERFAX) — Uzbekistan's government will lift restrictions on exchanging the national monetary unit, the som, for foreign currency as of July 1. The relevant resolution issued by the Cabinet of Ministers and signed by President Islam Karimov was published in the local press on Tuesday [13 June].

The document explains that the resolution was issued for the purpose of increasing the opportunity to convert the som. From July 1 no longer will notes indicating the amount of currency exchanged be made in the passports of local citizens.

At present, Uzbekistan residents wishing to buy foreign currency have to be on the waiting list for two or three months, all the time re-registering their place in line. Moreover, the amount a person could exchange at any one time was limited to \$100 per person.

Legal Framework of Economic Reform Sought

954F2521A Moscow ROSSIYSKAYA GAZETA
in Russian 9 Jun 95 p 15

[Unattributed report in the "Uzbekistan" section: "The Market Is in Need of a Law: A Legal Base of the Economic Reforms Is Being Established in the Republic"]

[FBIS Translated Text] The edict of the president of the Republic of Uzbekistan "Measures To Further Intensify the Economic Reforms, Protect Private Property, and Develop Enterprise," which was signed on 21 January 1994, created very auspicious conditions for the attraction of foreign capital, having determined the strategy and principles of the further realization of the reforms in the republic, specifically:

- m Restrictions on currency importation and exportation by citizens of Uzbekistan and foreigners were lifted;
- m Joint ventures specializing in the production of consumer goods in which foreign capital's share of the charter capital is in excess of 50 percent are exempt from the payment of tax on foreign currency earnings and from the compulsory sale to the Central Bank of Uzbekistan of part of the currency proceeds for a term of five years from the moment of registration;
- m A state company for the insurance of domestic and foreign investments has been formed;
- m The exportation from the republic without licensing and customs duty of commodities purchased at the main trade fairs with the participation of the commodity and raw material exchanges is authorized;

- m The intervention of state authorities of all levels in financial and economic activity is prohibited;
- m All import customs duty shall be abolished before 1 June 1995.

When the share capital of the privatized medium-sized enterprises is being created, the blocks of shares shall be distributed according to the following general format:

- m The state—up to 26 percent;
- m The work force—up to 25 percent;
- m Shares for unrestricted sale—49 percent, to foreign investors included.

Of the final block, some of the shares shall be reserved for sale to private investment funds. The remaining shares will be offered for sale via the stock market. All interested investors, the investment funds included, may take part in the purchase of these shares on a competitive basis. In instances where the work force purchases fewer of the shares or the state decides to reserve for itself a lesser quantity of shares than the maximum possible, the percentage of the shares for sale via the stock market increases. Major enterprises shall be privatized in accordance with the same format of distribution of the blocks of shares.

Legal Institutional and Regulatory Framework of Privatization

The corresponding legislative and prescriptive bases for the processes of denationalization and privatization and the operation of enterprises in the postprivatization period have been created in the Republic of Uzbekistan, these being primarily:

- m The law "On Property,"
- m The law "On Leasing,"
- m The law "On Enterprises,"
- m The law "On Denationalization and Privatization,"
- m The law "On Companies and Business Partnerships,"
- m The law "On Foreign Investments and Guarantees of the Activity of Foreign Investors,"
- m Edicts of the president of the Republic of Uzbekistan in the sphere of tax policy and improvement of the banking system and the priority directions of the further development of the process of denationalization and privatization,
- m Other government decisions.

More than 100 various legislative and prescriptive enactments connected with the implementation of economic reforms were submitted and adopted in 1994.

Results of Privatization

In the period in question the processes of market transformations were pursued strictly in accordance with the State Program of Denationalization and Privatization. A further increase in the pace of privatization of properties and the receipt of monetary resources was secured. These indicators in the third quarter considerably exceeded the corresponding data for the first six months. The accelerated development of privatization was the result of the principles of market reforms implemented in planned fashion.

There was a change in the form of ownership of 8,212 properties, including 4,476 that were a part of the State Program. Fulfillment of the State Program constituted 87 percent.

A republic stock exchange and its brokerages in the oblasts were created for the mass enlistment of the populace in the process of privatization and the accelerated formation of a securities market. Some 32,421 shares of 26 joint-stock companies in a sum total of 5.7 million sum were sold on the market. A National Depository was formed to reduce expenses in the issue of shares of stock and to limit the accounting of their movement and existence. Ninety-six issuers have placed in it 919,000 shares at a sum total of 77.5 million sum. The total number of investors—4,400, including 4,200 individuals—purchased 58,000 shares. Among the securities placed in the depository, the proportion of state property constitutes 171,000 shares or 18.9 million sum. It should be noted that an infrastructure of the stock market has already been created and that there is the opportunity for the unrestricted purchase of stock by all who so desire.

The state's share in the stock companies that have been formed constitutes 293 million sum, and stock totaling 184 million sum will be offered for unrestricted sale, and the State Property Committee periodically reviews, what is more, the question of the expediency of a reduction in the state share and an increase in the issue of shares in unrestricted circulation.

Some 269.6 million sum or 82.9 percent of the receipt of funds anticipated for the year were received from the privatized properties. All oblasts coped with the plan for the privatization of properties, and only Syr-Darya Oblast failed to secure the receipt of the monetary resources in the planned volume. Among the privatized properties, 21.6 percent are composed of joint-stock companies, 56.6 percent, of private and family enterprises.

The system of support for enterprise (SSE in abbreviation) is based on the following prescriptive-legal documents:

m \Presidential Edict UP-758 of 7 February 1994 "On the Formation of the State Committee of the Republic of Uzbekistan for the Administration of State Property and the Support of Enterprise,"

m \the presidential edict of 15 March 1994 "On Priority Directions of the Further Process of Denationalization and Privatization,"

m \the Statute on the State Committee of the Republic of Uzbekistan for the Administration of State Property and the Support of Enterprise confirmed by Decree No. 171 of the Cabinet of Ministers of 29 March 1994, m \the State Program for Intensification of the Processes of Denationalization and Privatization confirmed by Decree No. 171 of the Cabinet of Ministers of the Republic of Uzbekistan of 29 March 1994,

m \Statute No. 64 of 30 May 1994 on the Use of Funds for the Support of Privatized Enterprises and Enterprise Registered With the Ministry of Justice.

Structurally, the SSE consists of five blocks: methodological, personnel training, institutional, financial, and for foreign investments (Supplement 1).

The personnel training block consists of two fields—overseas and intra-republic:

1. Training of personnel overseas within the framework of technical assistance programs:

m \The U.S. AMR—20 persons

m \The GTTs [expansion unknown]—12 persons

m \UNIDO—four persons

m \The OECD—18 persons

m \A Japanese Government program—two persons

m \The Carl Duisberg Foundation—six persons.

Sixty-seven persons underwent training in 1994 within the framework of international conferences, symposia, and seminars.

2. Training within the republic is conducted via the following channels:

m \a permanent senior seminar is conducted by the Management Innovation Center and encompasses 50 persons,

m \the Tashkent State Economic University has trained 196 and will have graduated a further 60 persons by the end of the year,

m \the Interbranch Institute at the Tashkent Finance Institute will have trained 90 specialists by the end of the year,

m \the National Center for the Training of Securities Market Specialists under the auspices of the Republic of Uzbekistan State Property Committee,

m Some 350 persons were covered by regional seminars with the participation of the American Price Waterhouse consulting firm,
m For independent training, special literature on questions of market management methods is being sent to all industries.

A National Management and Marketing School and a National Center for the Training of Securities Market Specialists under the auspices of the republic Stock Exchange have been formed and have begun to operate for the accelerated training of national economy specialists.

The "Program for Denationalization and the Development of a Diversified Economy in the Agriculture of Uzbekistan" was devised for an acceleration of the reforms in the countryside. A concept of the economic development of the rayon, which will be made the basis in the preparation of plans of economic reforms in the rayon components of the republic, was drawn up on the basis of Tashkentskiy Rayon.

Privatization and Restructuring

Considering that the processes of privatization and the economic reform itself began in practice in 1992-1994, the molding of the mentality of new proprietors is not yet fully complete.

Decree No. 27k-II of the State Property Committee of 9 November 1994 lifts all current restrictions imposed on the profile of the activity of the privatized enterprises and bans the incorporation of such restrictions in any contract concerning privatization in the future.

Privatization and the Development of the Capital Market

The development of the capital market is in its formation phase in the republic.

The structures that have been created—the Stock Market and the Property Market and the National Depository—launched their work only in 1994.

All licensed brokerage firms here have equal rights and opportunities for selling shares and other assets via the markets.

When selling government shares to the public, the State Property Committee does not sign exclusive contracts with any particular brokerage firm.

The role of the state in the institutions performing the role of brokers will be reduced consistently as follows:

m Republic Stock Market—51 percent at the present time to 32-35 percent,
m National Depository—from 37.5 percent at the present time to 21-24 percent,
m Investment Fund—from 37.5 percent at the present time to 19-20 percent.

International and Foreign Assistance

1. Creation of joint ventures:

The State Property Committee has created 98 joint ventures with a total charter capital of \$64.643 million and 253.824 million sum. Foreign investors' share of the total charter capital constituted \$31.453 million and 126.007 million sum, and the share of Uzbek participants constituted \$33.19 million and 127.817 million sum.

2. Realization of international programs of support for entrepreneurs.

3. Consulting assistance.

Within the framework of the program of work of the GTTs mission specific properties will be privatized, which will be a model for the transformation of other enterprises of the corresponding industries. These include the Tashkent Compressor Plant, the Tashkent Textile Works, the Yangiyul Oil and Fats Works, and the Uzneftegazdobycha Joint-Stock Company.

A start has been made on realization of the European Communities Commission program for the privatization of small and medium-sized enterprises. Three properties have been chosen, and pilot projects of their privatization with the participation of foreign investors are being devised.

Armenia

Deputy Minister Leaves for Talks on Karabakh

NC1306143095 Yerevan Armenia's Radio First
Program Network in Armenian 1300 GMT 13 Jun 95

[FBIS Translated Text] An Armenian Foreign Ministry delegation headed by Deputy Foreign Minister Vardan Oskanian left for Helsinki today to take part in the (?second round) of talks on the resolution of the Nagorno-Karabakh conflict being held with the participation of the co-chairmen of the OSCE Minsk Group. This round of talks will center on [words indistinct] negotiations on a draft political agreement [words indistinct].

Politicians Give Reasons For Leaving AOD

954F2489B Yerevan GOLOS ARMENII in Russian
3 Jun 95 p 2

[Comments by former AOD members Semen Bagdasaryan and Shavarsh Kocharyan; place and date not given: "Why I Left the AOD"; first paragraph is GOLOS ARMENII introduction]

[FBIS Translated Text] In our series of items published under this rubric, it is not our objective to present an exposition of the history of the formation, establishment, and subsequent transformation of the AOD [Armenian Pannational Movement]. It is also not among our tasks to analyze and evaluate AOD activity. Nor do we concern ourselves with the question of the movement's achievements and failures. Historians believe such aspects can be assessed only after many years. One way or another, the AOD has become a kind of "personnel foundry" for almost all political parties presently existing in Armenia. But why are these people leaving the AOD?

Semen Bagdasaryan—When our esteemed president constantly reiterated that Karabakh could remain within Azerbaijan, I did not take this talk seriously. But then on 5 March 1992 in his interview with KOMSOMOLSKAYA PRAVDA, he confirmed once again that Armenia had supposedly consented to the prospect of Karabakh remaining within Azerbaijan as an autonomy. Since that time it has become obvious to me that the AOD is no longer a national ideology and retains only the aspiration to keep power within its grasp.

I had other reasons for leaving the AOD, but this is the main one.

Shavarsh Kocharyan—I submitted my paperwork to leave the AOD in August 1991. The reason is as follows. It had already become apparent at that time that the wing of the movement which considered retention of power the main objective of its activity had been victorious within the movement's upper echelon. A policy of

"power for the sake of power" was already formulated. I saw the ideology of the movement and the concrete tasks it had set for itself continually being shifted to the side. It also became clear at this time that certain intrigues had begun in the AOD upper echelon. Three individuals—Levon Ter-Petrosyan, Babken Ararktsyan, and Vano Siradegyan—had begun an unprecedented campaign against Vazgen Manukyan. It was apparent that the objective of this campaign was not ideological opposition, but rather to squeeze a major rival out of the political arena, since there already existed at that time a clearly defined program for consolidation of a power monopoly.

All this, as well as discussions arising within the governing body, led me to the conviction that efforts undertaken inside the AOD governing body would not change the situation. So I left the AOD.

The further development of events confirms the correctness of my position, unfortunately.

Russia's Lysenko Lends Support to Dashnaks

954F2489A Yerevan GOLOS ARMENII in Russian
3 Jun 95 p 1

[Article by Nikolay Lysenko: "We in Russia Are Used To Viewing Dashnaktsutyun as the Pride and Hope of the Armenian Nation"]

[FBIS Translated Text] Nikolay Lysenko, chairman of the National Republican Party of Russia and Russian State Duma deputy, has appealed to the Armenian people.

On the eve of parliamentary elections in Armenia, the appeal states, a complex political situation has taken shape. We see an increase in confrontation among political forces, which cannot help but alarm us as friends of your people in Russia who have been working hard on the Aydat problem, fighting for the rights of the Armenian people and their national interests. National forces of Russia have always understood the problems of Armenia, but have not perceived them as purely Armenian problems. Armenia and Russia—two countries bearing the cross of Aryan civilization, direct descendants of Byzantium—find themselves equally threatened by a loss of national image in the world, by the prospect of their historic mission being consigned to oblivion. We are also united by a common struggle to achieve an independent path of development and the opportunity to effect a unification of historic lands.

In Russia, as in Armenia, we are seeing the destruction of industry—the basis of the material existence of our nations, the basis of their independent path. In Russia, as in Armenia, we see the universal lumpenization of the

populace, where labor and traditional values no longer constitute a priority. Our entire economic and cultural life is placed in dependence on the West. The sacred right to unify our original lands, to unite fragmented parts of the nation, is taken away. All this testifies to the fact that our countries have one path—a path charted by our forefathers—to preserve our traditions, our national priorities, our originality, and our culture, and to repulse the "values of the new world order" that have been foisted upon us.

On the threshold of elections, you must give well-considered thought to your choice, your choice as an Armenian and as a patriot of your Motherland. Do not fear falling into error. Others want to force us to seek a way out of disaster as though we were members of their united family. This is tantamount to destruction. The true way to extricate ourselves from such an extremely difficult situation is to pursue the ideology of corporatism, the ideology of a national collective approach to resolving economic and political issues. This path is presented to you by the preelection bloc Dashnaksutyun which, under the prohibition of activity of the Dashnaksutyun Party, has assumed the weighty mission of bearing the ideology of this party. We in Russia are used to viewing Dashnaksutyun as the pride and hope of the Armenian nation. The Dashnaksutyun bloc includes our old acquaintances—honest and experienced political figures and, most importantly, patriots of their Motherland, the bearers of a truly national ideology. They are well known in Russian political circles, having participated many times in various political events in Russia. There is no doubt of their devotion to national ideals and interests.

Their priorities in the economic sphere are important to us, Russian political figures, who oppose the domination of Western policy and international financial organizations, who oppose the destruction of our industry, who support the fair distribution of assets and management of these assets in the interests of the entire nation, who support state participation in the management and development of industry, and who support the concept that the state does not leave the individual to the mercy of fate but guarantees him humane living conditions. The conditions of Russia and Armenia, similar in many ways, dictate a need for the dominance of collective and state ownership in industry. This philosophy of corporatism, of national fundamentalism, is our philosophy as well.

I am proud of the fact that I am the first deputy of the newly elected Russian State Duma to have visited Nagorno-Karabakh, where the Armenian national spirit affords the entire world an impressive lesson in steadfastness and patriotism. Meeting there with various po-

litical parties and individuals, I became convinced once again that only the Dashnaksutyun ideology constitutes a guarantee and the necessary condition for unification of Armenia, for its conversion into a truly national, socially oriented state.

I convey my very best wishes to the fraternal Armenian people.

Documents Said To Explain Dro Structure

954F2493A Yerevan RESPUBLIKA ARMENIYA
in Russian 6, 7 Jun 95

[Article in two installments by Tigran Nikogosyan:
"Party Hammer"]

[FBIS Translated Text]

[6 Jun 95 p 2]

Since 29 December of last year the newspaper HAYASTANI HANRAPETUTYUN has been publishing the archive documents of the secret intelligence organization Dro, created by decision of the bureau of the ARF [Armenian Revolutionary Federation] Dashnaksutyun. These documents, which have become the property of glasnost, are extremely important for at least two reasons. First of all they allow us to understand what was really concealed beneath the halo of the party, which strived toward a monopoly in the sphere of expression of our national aspirations (it is no wonder that candidates for membership in this organization were told that the summary of rules of this secret structure "certainly did not look anything like the charter of Dashnaksutyun which was known to them"). And secondly, they serve as additional confirmation of the fact that any ideology based on principles of revolution, no matter what vestments it is clothed in, no matter how just its declared goals, carries with it a huge destructive force which devastates everything in its path, including its very own goals. Familiarization with the archive materials cannot help but evoke a gnawing sense of alarm from the realization that people who had stopped in their political development at the level of the notions espoused in the second half of the last century could for a long time bury the first attempts in our history to build a future based on the political realities of the current world, on the natural course of development of history. Something else is also important. One need not be a genius to understand that this political rudiment could not be the natural product of development of Armenian society in the last six to seven years, since Armenian society, which had acquired an immunity to the revolutionary phrase during the years of Soviet rule, reacted weakly to such romantic impulses. The romantic stage of the

movement was concluded rather quickly, and its individual echoes are heard only on the periphery of social-political life. Evidently, the process of formulation of basic political forces in society was accompanied by the introduction of already finished political structures, deforming the natural and objective processes of formulation of domestic political life, since the formulation of their social base did not precede, but rather followed, the start of their political activity. Naturally, such a form of emergence of a developing state in the political fabric could not help but evoke reactions of rejection, similar to the way in which an organism rejects a foreign body. Being cut off from the realities of Armenian society and preserved under conditions of the diaspora, these structures essentially found themselves cut off from the development of the canons of the political struggle, from political development in general, since they also practically did not participate in the political life of the states in which they were present, limiting themselves exclusively to national tasks. From here stems all the archaism of their political arsenal. From here comes the extremely low (in terms of the activity of the Dashnaksutun in Armenia) and, as if in recognition of its own powerlessness, the appeal to forceful means of influencing society.

The history of all revolutions testifies that the leaders themselves, as a rule, view the revolutionary enthusiasm of the party masses with a certain degree of skepticism, skillfully manipulating it but understanding that the period of public exaltation is short-lived. Therefore, the primary stake was placed on establishing a regime of the so-called "revolutionary legality," or, putting it in a more straightforward manner, on the ordinary tyranny of their own power, based on the repressive organs. The preparations for this ensued long before coming to power, and in this sense the creation of the Dro as the prototype of repressive organs in Armenia in the case of the Dashnaks coming to power was no exception. The deviation from the given scheme here lies only in the fact that, not having any social support and forced to take the social realities of the last 20th century into consideration to a certain degree, the Dashnak leaders shamefully admit the unlawfulness of their activity. The archive contains a curious document entitled "Page with preliminary information about our organization," which contains detailed instructions on recruitment of new members of the structure. "At the decision of the supreme organ of Dashnaksutun," it states, "an intelligence structure is created within the party. The structure has a multitude of serious and difficult tasks. The justifications (emphasis ours) for creating such a secret organization are the unusual conditions in which Armenia and the Armenian people live today." And furthermore: "Each comrade,

before joining the organization, must first of all keep in mind the following:

"He is entering an organization whose activity is strictly prohibited by the laws of the state...." (emphasis ours).

In the archive documents, which obviously were not intended for the general public, we may note that not only is there no effort to conceal the affiliation of the secret structure with the Dashnaksutun party, but it is directly stated that this terrorist organization was created by special decision of the party bureau. In this connection, the clumsy attempts of the meeting "generals" to ascribe Dro to some foreign forces, who have no relation to the Dashnak Party, are so ludicrous that they hardly deserve lengthy denunciation. Such unsophisticated logical constructions, as a rule, are debunked most easily by the "rough" language of the document.

It is specifically for this reason that it is extremely important for us to focus the attention of our readers on certain of the most frank fragments of the documents of the Dro archive, which marginally expose the primitivism of the political phraseology and the political infantilism of the strategists of the party which calls itself the Armenian Revolutionary Federation.

Dro charter: basic principles and statutes

One of the primary documents of the Dro archive in terms of its significance is the charter of this structure, which regulates the entire organizational principle of its activity.

So as not to give the reader the feeling that he is purposefully being given specially selected fragments of the archive, and moreover taken out of context (although risking to try his patience in doing so), let us reproduce the Dro charter practically in its entirety. At the same time, I must admit that I am in some sense doing a certain service to the authors of the charter, since the translation of that horrible mixture of dialects of the Armenian language in which these words were written is at the same time also a difficult editorial task, for which I should seek appropriate remuneration from them. Therefore, despite all my desire to do so, I will not be able to convey to the reader all the orthographic and stylistic-meaning fine points of the text. Those who are curious may refer to the original.

Thus, what is this Dro charter like? The most characteristic circumstance which is found upon reading it is the fact that it exists in three variants: A full one, intended for reading by members of the governing board of this organization; a shorter version—for the mid-level command segment; and an abridged version for the, so to

speak, "junior terrorist personnel." Thus, points 51-56 of the section entitled "Other" contain detailed instructions regarding the articles subject to removal in preparation of the abridged variants of the charter. When we turn to the contents of the removed articles, it becomes clear, specifically, that the basis for this is the "humane" desire to keep secret from the rank-and-file members of the organization, until such time as it should be revealed, the mechanism of the medieval system of torture and punishment called for in the Dro charter, and also not to burden the fighters with unnecessary information about the management of the structure:

51. Only the members of the governing board have the right to read this charter.

52. On the basis of the present charter, its abridged variant shall be prepared for the section heads and heads of the section operative groups, from which the following points must be deleted: 1.3, the notes to the 3rd point, and points 4, 7, 8, 9, 10, 11, 12, 14, 15, 21.1, 14, 44.8, 44.9, 48, 49, 50, 51, and 56.

53. On the basis of the variant indicated in p. 52, a more abridged variant shall be prepared for the group leaders, with exclusion also of points 1.2, 18, 19, 20, 21, 22, 23, 26, 27, 34, 46, 47, and 53.

54. On the basis of the variant indicated in p. 52, an even more abridged variant shall be prepared for the fighters, with exclusion also of points 3.1, 3.4, 6, 13, 17, 29, 45, and 54.

Note: Reservists must not be familiarized with the charter in any form. Liaisons are classified in the category of fighters.

55. Making copies of the present charter, taking notes or excerpts from it, or duplicating it by any means is categorically prohibited.

56. The present charter is kept in three copies:

- the first is kept by the commander;
- the second is kept by the member of the governing board responsible for cadres and training;
- the third is kept by the person responsible for the governing board archives.

The text of the charter itself proclaims primarily the goals and operating principles of the Dro structure:

Goals

1. The goal of the DRO organization is:

- Preservation of the revolutionary principles of the party;
- Rejection of the principles of parliamentary activity in pursuing Ay Dat, allowing the possibility of

participation in the Parliament and the power structures of Armenia under the condition of adherence to the Dashnak image of a pure revolutionary;
—Preservation within the party of a balance between the structures of Homeland and Spyurok until the organization is cleansed of the penetration of manipulative forces.

Operating principles

2. The structure of the DRO is strictly secret. The members of the DRO under civilian conditions must, to avoid suspicion, conduct themselves like innocent citizens.

3. The priorities of the DRO are:

- a) questions of intra-party position and political course of the organization;
- b) pursuit of the Armenian Question. The anti-Turkish struggle should not stop for even a moment—either in wartime or in peacetime;
- c) within the Armenian domestic social life—the struggle with material-moral distortions and the use of various circumstances to the detriment of the Armenian people and its organizations. (Note: The struggle against the authorities and the seizure of the country's helm are not a goal in themselves, and the main thing—this must not stop the activity in resolving the Armenian Question);
- d) the very existence of the DRO structure is based on the arsenal of the Dashnaksutyun, on its school and possibility of membership in it. In this respect, the struggle for inviolability of the Arsenal will ALWAYS be the first of its priorities.

4. Economically, the DRO is a self-financing structure.

It is not difficult to note that in this case the discussion centers primarily around tasks of an intra-party character. That is, one of the main goals of the Dro is the fulfillment of the role of party guardian, standing the watch of revolutionary virginity of the Dashnaksutyun under conditions of activity in a democratic Armenian state, when the threat of its rebirth into a parliamentary-type party arises. This, as the party bigwigs rightly believed, would very soon deprive the Dashnaksutyun of its legendary halo, which conceals its ideological emptiness. It is specifically for this reason, understanding the inevitability of the party's participation in the parliamentary structures, especially with mass enlistment to the party of citizens of Armenia who are not burdened with the romantic idealism of their foreign fellow brothers, the party leaders so greatly care for adherence to the "Dashnak image of the pure revolutionary" and are so

concerned about retaining the balance between the mercantilism of the "new Dashnaks" and the romanticism of the "genetic Dashnaks." And here the Dro regularly emerges as the only instrument capable of fulfilling this task.

At first glance, it might seem strange that, in declaring its goals, the Dro limits itself exclusively to intra-party problems. However, this introspection is quite explicable. After all, it is specifically the establishment of a strict order in the party ranks, based on intra-party detection and control, that is the only guarantee of existence of a combat-ready party organization in Armenia, and finally, the only real possibility of fulfilling the maximum task—the seizure of power in the country.

The portion of text from the charter presented below will allow the reader to gain an understanding of the internal structure of the organization.

Regulations of the structure

5. The DRO structure is based on military orders.

6. The supreme body of the DRO is the governing board.

7. The governing board includes the founding members.

8. Acceptance or exclusion from membership in the governing board is performed by an absolute majority of votes.

9. The governing board convenes regular meetings for the purpose of discussing and correcting implemented policy.

10. The governing board holds meetings in the presence of a majority of members.

11. Decisions are adopted by a simple majority. Important decisions are adopted by an absolute majority....

....The organization for relations of Armenia with certain structures of other countries is one of the basic necessities for conducting the anti-Turkish struggle, for training of cadres, and also, in certain cases, for exchange of information.... (Note the character and form of the justification for the need for interaction of the DRO with the intelligence agencies of other countries.)

[7 Jun 95 p 2]

Commander of the DRO

13. The commander of the DRO is one of the members of the governing board, and is appointed by it through a simple majority of votes.

14. The commander has the right to independently make decisions on fulfillment of governing board decrees. In specific cases, when it is not possible to convene the governing board, he has the right to halt various operations, rescind previous decisions, and temporarily depart from the charter principles.

15. The commander of the DRO has the right to personally know:

- the heads of the sections;
- the heads of the section operative groups;
- the group leaders.

Section head

16. The head of the section is its immediate leader.

17. The section head cooperates directly with the head of the section operative group and the two group leaders.

18. The section head and the head of its operative group communicate with each other through the liaison.

19. The section head is responsible for the routine training and re-training of the head of the operative group and the group leaders.

20. The section head has the right to personally know:

- the head of the operative group;
- the liaison;
- the fighters;
- the commander;
- the heads of other sections.

Official in charge of cadres and training

21. The duty of the official in charge of cadres and training is to know about each of the members:

- his true identity and the most detailed biographical information;
- his whereabouts and the method of establishing contact with him;
- the degree of training, mastered disciplines, and level of readiness.

22. The responsibility of the official in charge of cadres and training is to organize the DRO school and instructional materials, to conduct exercises for fighters and reservists, as well as to issue methodological instructions.

23. It is the responsibility of the official in charge of cadres and training to personally supervise the upbringing and training of the group leaders in a barracks setting.

24. The official responsible for cadres and training must personally know everyone, including also the reserve complement.

Head of the section operative group

25. The duties of the head of the section operative group include distribution of work between the groups in the section.

26. The head of the section operative group is responsible for the day-to-day training and re-training of the group leaders.

27. The head of the section operative group may personally know:

- the section head;
- the group leaders;
- the fighters;
- the liaison;
- the reservists.

Group leader

28. The duty of the group leader is to ensure fulfillment of the orders received by the group he leads.

29. The group leader engages in training of the fighters.

30. The group leader has the right to personally know:

- the section head;
- the head of the section operative group;
- the fighters in his group;
- the liaison for his section;
- the reservists in his group.

Fighter

31. The duty of the fighter is to carry out the orders received from the group leader.

32. Fighters engage in the selection of the reserve complement and its training.

33. A fighter has the right to personally know:

- the head of the section operative group (if he is in group A);
- the group leader (for fighters of the 2nd and 3rd groups);
- the fighters in his group;
- members of the reserve complement associated with him.

Liaison

34. The liaison has the right to personally know:

- the section head;

- the head of the section operative group;
- the section group leaders;
- the liaisons of other sections.

He establishes communications between them.

Reservist

35. A reservist may be any young man who has reached the age of 16 years, whose moral outlook and character traits correspond to the requirements of our structure and to the general notions of the revolutionary-Dashnaksutyun.

36. A reservist is a person who aspires to enter into the ranks of the DRO. He knows that this is a structure which operates on the basis of the Dashnak principles, but does not know that it fulfills the assignments of the party.

37. The reservist receives from the fighter responsible for him an application blank, which he fills out and forwards to the Center, to the official in charge of cadres and training. The latter may impose a personal prohibition on his acceptance into the organization.

Note: The consent of the official in charge of cadres and training is not mandatory for acceptance of a reservist. He assumes his rights if, within four weeks after filing the application blank, the official responsible for cadres and training does not impose a prohibition on his acceptance.

38. The reservist has the right to personally know only the fighter working with him and responsible for his training.

The network and members of the network (here and henceforth, reference is made to the agent network established by the organization).

39. Certain persons are associated with each department, party members as well as others, who do not know of the existence of the DRO structure, but who nevertheless by their official position, place of residence, or by virtue of their personal associations may be useful in our activity. Such, for example, may be the associates of the ZhEK [residential building maintenance office], the GAI [State Motor Vehicle Inspectorate], customs officials, associates of the military registration and enlistment offices, etc.

40. Each member of the network personally knows only one person. This may be any member of the organization—from the reservist to the DRO commander, with the exception of liaisons.

41. The members of the governing board must have reliable information about each member of the network.

42. Members of the network may generally not know that they are serving in some kind of structure. This occurs only in cases when they sell appropriate information.

Note: Each source of information, regardless of whether this is a member of the party, an ordinary citizen, or a member of the enemy structure, must necessarily deal with one specific person. However, for purposes of optimization of the work, it is allowable for one of the fighters of a department to engage directly in work with members of the network.

The most burdensome impression is made by that fragment of the text of the Dro charter which establishes the list of disciplinary transgressions by members of the organization and the punishments corresponding to these transgressions, and also regulates the procedure for their imposition. The medieval savagery of which this list smacks speaks for itself. Judge for yourselves:

Disciplinary rules

43. Disciplinary rules operate within the structure of the DRO. The members of the structure may receive disciplinary punishments in the following cases:

- for raising senseless internal questions;
- for unfounded accusations or disobedience in regard to other members of the structure;
- ?
- for lies (including misinformation, exaggeration, and impreciseness);
- for lack of punctuality;
- for cowardice;
- for loss of property and squandering of funds;
- for material forgery;
- for divulging secrets;
- for treason (including cases of introducing members of other organizations into our structure).

44. The following types of punishment are provided for the transgressions:

1. Reprimand;
2. Severe reprimand;
3. Confiscation of weapon for a period of one to three months;
4. Removal from activity for a term of one to three months;
5. Arrest.
6. Beating.
7. Beating with subsequent arrest.
8. Flogging.

9. XXX (referring to the death penalty?!)

45. Group leaders have the right to impose upon fighters and liaisons such forms of punishment as reprimand, severe reprimand, and confiscation of weapons.

46. Heads of section operative groups have the right to impose upon fighters, liaisons, and group leaders, aside from those listed, also such form of penalty as removal from activity.

47. Section heads, moreover, have the right to impose upon heads of section operative groups, group leaders, fighters, and liaisons such forms of punishment as arrest, beating, and beating with subsequent arrest.

48. The commander of the DRO, moreover, has the right to impose such form of punishment as flogging upon all members of the structure, with the exception of members of the governing board, in regard to whom he has the right to impose only reprimand, severe reprimand, confiscation of weapon, and removal from activity.

49. The commander has the right, if he has intention to impose a more serious punishment upon the members of the governing board, to form a judicial commission, whose responsibilities shall include to conduct interrogations, collect data, and prepare a packet of documents to be submitted to the governing board.

50. The governing board has the right, aside from other forms of punishment, to impose punishment XXX upon all members of the structure, as well as arrest, beating, beating with subsequent arrest, flogging, and XXX in regard to the members of the governing board.

Azerbaijan

Parliament Issues Resolution on Election Date

NC1306193295 *Baku Azerbaijan Radio Televiziyasi Television Network in Azeri* 1600 GMT 13 Jul 95

[Resolution of the National Assembly of the Azerbaijani Republic on date of election issued in Baku City on 13 June—read by announcer]

[FBIS Translated Text] Taking into account the fact that the parliamentary elections will be held for the first time since the Azerbaijani Republic regained its independence, and considering the social and political importance of these elections, the National Assembly of the Azerbaijani Republic decides in accordance with Paragraph 15 of Section 3 of Article 104 of the Azerbaijani Constitution:

1. The elections to the supreme legislative organ of the Azerbaijani Republic be set for Sunday, 12 November 1995.

2. The Azerbaijani Republic law on the elections to the supreme legislative organ of the Azerbaijani Republic be adopted by 31 July 1995.

3. The Central Electoral Commission supervising the elections of the Azerbaijani people's deputies should submit proposals on the structure of its central apparatus, ensure the drafting of the by-laws of the commission, and, in cooperation with the secretariat of the Supreme Soviet of the Azerbaijani Republic, draw up a package of measures within a month for the organization and holding of the elections.

4. The Azerbaijani Justice Ministry be instructed to determine within a month whether or not the political parties have been registered in accordance with the Azerbaijani Republic law on the political parties.

[Signed] Rasul Guliyev, chairman of the Supreme Soviet of the Azerbaijani Republic
[Dated] Baku city, 13 June 1995

Proposed Privatization Program Studied

954F2496A Baku ZERKALO in Russian 3 Jun 95
No 21, p 3

[Interview with Oktay Aliyevich Akhverdiyev and Ali Masimov, economists, by unidentified ZERKALO correspondent; place and date not given: "On the Threshold of Privatization: The Discussion Continues"]

[FBIS Translated Text] The government has applied itself in earnest to the conduct of privatization. It has been reported that the president is examining the Privatization Program and that it is perhaps about to be approved and sent to parliament for ratification. A lot of material is coming to us on the threshold of the most important event in the life of the republic. While not agreeing, two economists who, as far as we can tell, hold different political positions broached the same questions in an interview with our correspondent and expressed similar points of view on them.

1. What is your attitude toward the Privatization Program presented by Tofig Azizov, deputy prime minister of the government and chairman of the Goskomimushchestvo [State Committee for the Management of State Property]. The weak sides of this project?

2. What is the value of the property that is subject to privatization? Where was this figure obtained?

3. What particular difficulties will be encountered in the course of privatization?

Oktay Aliyevich Akhverdiyev, chief of the free administration of macroeconomic and structural policy of the Ministry of Economics.

1. It is not so important on the whole which program we select— any one of its variants has both strong and relatively weak sides. It is important to start privatization, and in the course of its development to efficiently eliminate any obvious mistakes and adjust or supplement the program and the necessary normative acts in a legal way.

It is not ruled out that in practice it will be the "weak side" that will prove to be the "strong side."

2. In this case, inasmuch as checks will be issued to people without a nominal value, an estimate of assets does not now have principal significance. The actual value of fixed assets will be determined at the time of acquisition for checks of shares of stock of privatized enterprises and their movement on the securities market; that is, supply and demand will bring out the real price of assets.

The figure of 60 trillion manat is already not that far from reality. Because of the lack of a scientific methodology for indexing the value of fixed assets, it is impossible today to estimate their real value exactly. The Goskomstat [State Committee for Statistics] will tabulate data on the revaluation of fixed assets submitted to it by enterprises. How they do this is on their conscience.

During the existence of the Union, this work was conducted periodically according to a single methodology. Thus, the value of the fixed assets of the republic in 1985 was estimated at 3.3 billion rubles [R]. During the time that passed, prices in our country increased by more than 25,000 times, and asset retirement amounted to 10 percent. If it is acknowledged that a manat today is equal to a ruble, fixed assets should be assessed at the present time at no less than 35-37 trillion manat, and if the part that is being privatized amounts to 21-22 trillion manat, including without the occupied part of the republic, they should be assessed at 29-30 and 17-18 trillion manat respectively.

3. Until the present time in our country, state property has not been demarcated in a legislative procedure into municipal and republic.

Moreover, we have not yet legislatively established the administrative organ in our country that will act as the owner of state property. If it is intended that Goskomimushchestvo act as both the seller and the buyer of state property, it will be transformed into a monster. It is necessary before the start of privatization to establish a property fund with the status of a single

owner and manager of state property. The successful conduct of privatization in many ways will depend on the exact organization of practical work of all of the services that are directly or indirectly responsible for this work. This very important political and economic state measure will be utterly discredited, if the bureaucracy and, God forbid, corruption envelop this process also.

Further, in the process of privatization many shares of stock will appear that should without fail be in continuous movement on the securities market. The main flaw: Voucher privatization in Russia involved the unreadiness of the population to psychologically accept the nominal value of a voucher not as R10,000, but as something more. Therefore, in order in a certain degree to avoid social dissatisfaction (and this will exist) with privatization, it is already necessary to conduct intensive explanatory work with the population concerning the "wisdom" of privatization.

There is also one more difficulty—this is overcoming the psychological stereotype associated with the feeling of collectivism. In a moral-ethical sense this is a good feeling. But when the work concerns the formation of an owner class that is able to take care of its property and to multiply, develop, and rationally use it (and not eat it up), the feeling of Soviet collectivism could become a serious impediment on the path of accelerated development of the private sector.

Ali Masimov, former minister of economics and acting prime minister, at present director of the Azerbaijan Fund for the Development of Democracy and the Association of Independent Economists.

1. The concept of privatization that is proposed today by the GKI [State Committee for the Management of State Property] is a lame imitation of the Russian model. There is a lot that is rational in it, but the specific situation in Azerbaijan is not taken into account. During its implementation, changes will have to be made in the existing law "On Privatization." Questions of its methodological and technical support have not been worked through to the end. The sudden introduction into circulation of a huge mass of securities, without indicating their nominal value, will be turned into a source of inflation.

A majority of enterprises are idle today, and their value is automatically falling. You cannot live on low dividends from operating enterprises, and ordinary owners will also be forced to part with their shares of stock. Indeed, it is difficult to imagine 7.5 million people in the role of petty rentier.

The GKI concept has been neglecting the problem of creating internal motives for development among enterprises from the first day of privatization. Tough administrative regulation of the activity of foreign investors, given the irresolution of land ownership questions, deprives the economy of important sources of financing.

2. In the ZERKALO newspaper interview the GKI chairman said that the price of a voucher can be increased by a factor of 15. Given the GKI-announced value of property subject to destatization of 4.1 trillion manat, the real value can also be estimated at 60 trillion. It is impossible at the present time to calculate the value of property exactly. This makes it possible in an arbitrary way to fix the price of a voucher first, for example, at 1 manat, when it has a true value of 15 manat, and later to sell it at 5 manat and declare that we increased its value by a factor of five, when the real value was lowered by a factor of three. Therefore it is necessary to set reference points, but let the market determine the real price.

The difference between the real market price and the simulated price of property will be acquired by a narrow circle of people, inasmuch as people who have been placed in a hopeless material position will be forced to sell their vouchers and shares of stock at the initial stage of privatization.

3. A concept was recently laid out in detail by the newspaper AZADLYG that was developed by specialists of the Fund and the Association of Independent Economists.

In particular, it proposes two privatization stages. In the first stage enterprises are classified according to categories, and the starting price is established. Applications for the privatization of facilities are received, for example, of unfinished construction, and the facilities are sold through an auction. A share in the property is offered in turn to the labor collective, to the present and former director corps, to firms and individual representatives in the private sector, to entrepreneurs who have left the republic, to experienced administrators who do not have the resources, and to foreign legal and physical persons.

In the second stage, when the unprofitable and shut down enterprises, which have been transferred to temporary use, begin to operate, a market price is determined and the shares of stock that belong to the state are partly sold on the free market and partly distributed among the citizens free of charge.

In the event of failure, collateral in the form of the right of a collective to a preferential block of shares is transferred to state ownership, and for private physical

and legal persons, collateral in the form of property and bank guarantees.

After applying our approach, instead of three years of voucher privatization, at minimum we will save some

enterprises within a year. The income of both the state and the people will be higher, even if the share of property being privatized free of charge is lowered from 65 to 25 percent.

Estonia

European Union Association Agreement Signed

LD1206131595 Tallinn Radio Tallinn Network
in Estonian 1200 GMT 12 Jun 95

[FBIS Translated Excerpt] Estonia, Latvia, and Lithuania signed the European association agreement today. Estonia will become an EU associate member without a transitional period. Here is Piret Kriivan with the details:

[Kriivan] Today's historic event will not change anything visibly for the man in the street, or if at all then it will make us feel that we in the East have reached the protective wing of the West. For some, even this constitutes a danger. In the future, once we have joined the EU structures, we will not be able to play by our own rules; they will instead be dictated by Brussels, and they have been set fairly rigidly. Obligations have been set: to apply EU laws in trade, the economy, and related spheres. The rest depends on the verbal skills of our negotiators. So far they have demonstrated that there is no shortage. They have, for example, succeeded in explaining to Brussels that with Estonia no transitional period is necessary in order to become an associate member. [passage omitted]

For most Estonians the issue is not [choosing] between the east and the west; the issue is how much should we be orientated toward the West? Because of our geographical position we need security guarantees more than some other Eastern European country. [passage omitted]

What we have to pay for our security will be the subject of future talks. [passage omitted]

The EU will begin talks on membership only after the intergovernmental conference which is scheduled for next year. According to Foreign Minister Riivo Sinijarv, this may end only in the second half of 1997, and only then we will be able to submit an application for membership. Hopefully, the Estonian Government, whichever forces it may be representing at the time, will follow the path of the EU's good traditions: to hold a referendum on the matter of joining the EU, so that the people, too, can express their opinion.

Foreign Minister's Address to EFTA Meeting

WS1306130495 Tallinn Ministry of Foreign Affairs
Press Release in English 1032 GMT 13 Jun 95

[Speech by Foreign Minister Riivo Sinijarv to the meeting of EFTA foreign ministers in Bergen, Norway on 13 June]

[FBIS Transcribed Text] Mr. Chairman, Dear Colleagues, Ladies and Gentlemen,

It is my sincere pleasure to take part in this EFTA [European Free Trade Association] roundtable discussion on the topic of European Economic Integration. As you surely know, one of our two primary and long-term foreign policy goals is integration with various European structures. We understand better than many that economic integration has implications that reach far beyond economic imperatives, that is to say, economic integration also addresses security concerns. In Estonia, we believe that every dollar invested in our country is the same as a dollar spent on defence, or, to borrow a phrase from William Shakespeare, a rose by any other name smells as sweet. For this reason, we have pursued economic integration with Europe with a hunger that bespeaks both of an historic conviction of belonging to this continent, which we do, as well as a desire to help shape those developments that determine our future. This is one of the factors in our successful and, by all assessments, rapid movement toward the European Union. Last summer, we concluded a Free Trade Agreement with the European Union. At the time, the agreement represented a decisive step toward our association with the European Union, the talks toward which began last December and culminated yesterday with our signing of a Europe Agreement. Our Europe Agreement, as you know, is unprecedented by virtue of including no general transition period, which is a source of great pride to my people. But rather than dwelling on the European Union, I would turn to the grouping at hand, that is, to the EFTA. I must say that the strongest factor today in our economic integration into the family which we call Europe is our cooperation with the EFTA states, first among them Finland, Sweden and Norway. I would take this opportunity to pay homage to the EFTA states which were among the first to have concluded bilateral free trade agreements with Estonia, thereby allowing us access to the world's markets. Our experiences with these EFTA states lent us the necessary experience and training to move forward toward full integration with the West, and in fact forms the cornerstone of a widened and broadened economic relations which have brought us into the world economic system. These free trade agreements have been significant in further liberalising trade among nations, which is fully consistent with Estonia's thoroughly free-market orientation and vision of global economic relations. In this light, we welcome the proposal to conclude multilateral Free Trade Agreements between the EFTA states and Estonia. We are eager to work through these drafts in order to reach signable agreements in the nearest future. We are convinced that such a multilateral agreement will accelerate as well as further underline the overall process of European integration.

Thank you, Mr. Chairman.

Russian State Duma Delegation Visits Estonia

Received by Premier

LD1406083295 Tallinn Radio Tallinn Network
in Estonian 1700 GMT 13 Jun 95

[FBIS Translated Text] Prime Minister Tiit Vahi also received the Russian State Duma delegation today. Both parties acknowledged the need to normalize relations between the two countries. The prime minister reiterated that Estonia is prepared for compromises on the border issue but proceeding from the Tartu peace treaty.

According to the government press service, the ratification of the agreements signed by Estonia and Russia in July 1994, Estonian-Russian trade and some other issues of mutual interest were also discussed.

Tartu Peace Treaty Discussed

LD1306200395 Tallinn Radio Tallinn Network
in Estonian 1400 GMT 13 Jun 95

[FBIS Translated Text] Estonian President Lennart Meri received the Russian State Duma delegation that is visiting Estonia today. The members of the delegation are Viktor Davydkin, Irina Zubkevich, and Vladimir Vasilyev.

The Tartu peace treaty was discussed at the meeting. Meri emphasized the central position of this treaty in the history of Estonia's statehood and inviolability of its principles. However, he noted that there are issues that are open for negotiations.

The members of the Russian State Duma said that they understood the significance of the Tartu peace treaty for Estonia and that there was a need to find mutually acceptable formulae, which would take into account both continuity and the changes that have taken place. The discussion also touched upon possibilities for cooperation between regions—for example, intensifying contacts between Tartu and Voronezh. The meeting also discussed the work that is being done in Paldiski and issues of ecological safety.

The members of the State Duma agreed that the information from Estonia that reaches Russia was unbalanced and did not facilitate development or improvement of relations. They promised to help more varied information to reach Russia.

Border Problem Discussed

WS1306130595 Tallinn BNS in English
1009 GMT 13 Jun 95

[FBIS Transcribed Text] Tallinn, Jun 13, BNS — The failure so far to resolve the issue of the Estonian-Russian border must not hamper the development of economic

and cultural relations between the two countries, a group of Russian MPs said when ending the first day of their visit to Tallinn Monday [12 June].

Three members of the State Duma (lower house) are in Tallinn for a three-day visit on an invitation by the Estonian parliament.

The countries shouldn't stamp on the spot arguing about the Tartu peace treaty when there are many other issues in bilateral relations that need to be resolved, said Viktor Davydkin, member of the Duma group for Baltic relations.

Davydkin said his country acknowledged the importance of the Tartu peace treaty. But he added that trying to follow the treaty now, 75 years after its signing, sticking to each and every one of its stipulations, would create more problems that it would help to resolve.

Russia has refused to recognize the treaty of 1920, which determines some of the territories currently part of Russia as Estonian land.

The Russian MPs in Tallinn spoke up against revision of the current borderline between the two countries, which Estonia refers to as a temporary control line.

"The (Estonian-Russian) agreement of 1991 resolved everything. There are no prospects for Estonia now to come out with claims to Russia," MP Irina Zubkevich said.

Nonetheless, the Russian MPs agreed that the current borderline in some of its parts was "unnatural" and that there could be certain changes in it. Davydkin said there was nothing extraordinary in making such changes and that this could be done in the course of everyday work.

The MPs said that also issues such as the deportation by Estonia of Zhirinovskiy activist Pyotr Rozhok shouldn't be allowed to add tension to bilateral relations. "To people like Rozhok — and there are many of such in Russia — the country's own legislation must be applied and there is no point in making hell knows what out of it," Davydkin said.

Reminding that the Duma, shortly after Rozhok's deportation, had passed a resolution advising the Russian government to impose economic sanctions against Estonia, the MPs said the Duma vote had been prompted by emotion and that they themselves had not been present at the time of the voting.

The delegation expressed hope that there would be no decision on economic sanctions against Estonia and that trade relations between the countries would continue to develop.

The Russian MPs admitted that there were actually sanctions against Estonia effective in Russia at the moment. "Our task is to lift them," Davydkin said.

The parliamentarians had meetings in Tallinn on Monday with the group for relations with Russia in the Estonian parliament and with members of the parliament's foreign affairs committee.

They are scheduled to meet on Tuesday and Wednesday with the speaker of the Estonian parliament, Toomas Savi, Prime Minister Tiit Vahi, leaders of Russian-speakers' organizations and the municipal authorities of the former Soviet military base town of Paldiski.

Meri Discusses Troop Withdrawal With Parliament
WS1406083795 Tallinn BNS in English
1754 GMT 13 Jun 95

[FBIS Transcribed Text] Tallinn, Jun 13, BNS — President Lennart Meri on Tuesday [13 June] met members of the parliament's foreign affairs committee to discuss issues related to the agreements on Russian troop withdrawal and social guarantees for retired Russian military in Estonia.

The agreements, signed by Meri and Russian President Boris Yeltsin last July, have not been ratified by the parliaments of the two countries.

Meri at the meeting explained to the MPs the political background of signing of the agreements.

The MPs were interested in knowing what is the president's opinion regarding the ratification of the agreements as well as working closely among different institutions in the ratification process, a spokesman for Meri said.

Members of the parliamentary committee expressed hope that similar meetings with the president would take place on a regular basis in the future.

Savisaar Called 'Strong Man' in Government
LD1306131395 Stockholm Sveriges Radio Network
in Swedish -1030 GMT 13 Jun 95

[FBIS Translated Text] Three months have now passed since Estonia got a new government, led by Tiit Vahi. However, many Estonians are already claiming that he is not the country's leading politician. Instead, the strong man is Interior Minister Edgar Savisaar, as our correspondent reports from Tallinn.

[Correspondent Bengt Lindroth] To anyone who speaks to the politically initiated in Tallinn, the picture seems unequivocal. In April, election winner Tiit Vahi formed a nonsocialist multi-party government leaning to the center. However, a surprise presented itself, which al-

ready now seems unfortunate for the prime minister himself. Edgar Savisaar, leader of the country's biggest party, the Center, and former prime minister immediately after the liberation from the Soviet Union, staged a comeback at government level.

Savisaar, a sullen out-and-out politician, could be described as a power politician in the classic mold — perhaps a cross between Swedish [Finance Minister] Göran Persson and the former Center Party leader Paavo Väyrynen of Finland, but with a background, of course, in the Soviet era. Many Estonians guessed that Tiit Vahi would keep the dexterous Savisaar at a distance, but Savisaar played his cards so skillfully that today he is interior minister as well as deputy prime minister.

Malicious tongues are saying that Savisaar is performing the role of stand-in for the prime minister even when Vahi is not out on his travels. I asked Edgar Savisaar to comment on this. The prime minister is always the prime minister, Edgar Savisaar says diplomatically, but he admits that strong personalities play a greater leading role in politics in a young nation like Estonia than in Sweden, for instance.

Etiquette forbids Edgar Savisaar to describe outright how he is building up his power, but those who today point to him as the strong man of Estonia refer to his efficiently run public relations and press and information service. He recently took on the head of Estonia's biggest and perhaps the only really accepted opinion research institute as a personal adviser. When Prime Minister Vahi gave his hitherto biggest speech in parliament the other week, the fight against crime was picked as the most acute issue on the agenda. As a tough interior minister with a liking for brisk decisions, Edgar Savisaar is thus given innumerable opportunities to appear as the squire and knight of law and order, and why not also the nation.

This is Bengt Lindroth in Tallinn.

Latvia

Gailis Views Integration With European Union
LD1306224195 Riga Radio Riga Network in Latvian
1700 GMT 13 Jun 95

[FBIS Translated Text] Latvian Prime Minister Maris Gailis, at a news conference today, described the signing of the agreement of association with the European Union as an important step in the Baltic countries' integration into this organization. Gailis predicted that the Baltic countries could become full members of the European Union in the last year of this century or at the beginning of the next one. The prime minister said the need to transform (our legislation) to correspond to

what it is in countries of the European Union is essential for the integration process. The creation of a matching base for legislation is essential. The prime minister said, however, that it is not significant if people's consciousness has not changed.

Foreign Minister Birkavs Returns From Norway

LD1306220495 Riga Radio Riga Network in Latvian
2000 GMT 13 Jun 95

[FBIS Summary] Foreign Minister Valdis Birkavs returned today from an official visit to Norway. At a news conference on his return he mentioned the issues he discussed with Norwegian officials.

Government Approves Bill on Bank Supervision

LD1306212695 Riga Radio Riga Network in Latvian
1700 GMT 13 Jun 95

[FBIS Translated Text] A government meeting today approved a bill on the supervision, recovery, and bankruptcy of commercial banks, to protect the interests of investors by creating a mechanism for the enforced liquidation of banks. According to the bill, a new institution will be created, the Banks Agency [Banku Agentura]. This bill is explained for Latvian Radio by Prime Minister Maris Gailis:

[Gailis] This law regulates the supervision of banks and with the help of a special agency, banks, in the event of failure, will have an administrator assigned to replace the bankers who have worked there hitherto and allowed the failure and tried not to permit the bankruptcy. A procedure for bankruptcy is written into the law, quite different to what there is now in force, as there the depositors are [word indistinct] receive payment anywhere and (?start to turn elsewhere). That is why the law is necessary. Everything that is necessary is found in this law, it is so important that the insurance fund for the depositors is mentioned that a special law had to be created.

Lithuania

President Notes Significance of EU Pact

WS1306082395 Tallinn BNC in English
1603 GMT 12 Jun 95

[FBIS Transcribed Text] Vilnius, Jun 12, BNS — An association agreement with the European Union is one of the most significant events for Lithuania since the restoration of its independence, President Algirdas Brazauskas said in an address, which is to be broadcast on national television Monday night.

Brazauskas noted that the signing of the accord was preconditioned by Lithuania's stable political and eco-

nomie situation, as well as its foreign policy, which he says is looked upon with favor in Europe.

The president said the association agreement created an opportunity for a bilateral political dialogue with the EU. Brazauskas pointed out that he had been invited by French President Jacques Chirac to attend an EU summit in Cannes in late June.

"All this means that our foreign and security policy, as well as certain internal policy aspects will be coordinated more closely with Brussels. Lithuanian security will become stronger, and that is what we are aspiring to," he noted.

Brazauskas said the association accords "legally placed" the Baltic states in one line with Romania, Bulgaria and the Visegrad group nations. In his opinion, the agreements also created a new geopolitical situation in the Baltic Sea region. With the entry of Sweden and Finland into the EU, the Baltic Sea "becomes a European Union sea, and that corresponds to Lithuania's national interests," the Lithuanian leader said.

But Brazauskas noted that Lithuania would lose part of its sovereignty in the European integration process and would have to keep to strict competition rules. "Of course we will protect our agriculture, our industry and our producers, finding clever compromises," he added. In his opinion, Lithuania made a wise decision by choosing a lengthy six-year transitional period for adaptation to EU requirements.

The president pointed out that the view on the country's national identity would have to be changed, because he says aggressive nationalism in politics "becomes not only obsolete, but also dangerous."

The Lithuanian leader said he hoped that integration into the EU would help to eliminate political distrust, anger and suspicion. In his opinion, a recently created parliamentary subcommittee for European affairs should encourage the process.

"I think that Lithuanian politicians, discussing constitutional amendments legalizing the sale of land to foreign individuals and legal entities, are on a way to mutual understanding."

President: EU Association Increases Security

LD1306125195 Vilnius Radio Vilnius in English
2130 GMT 12 Jun 95

[FBIS Transcribed Excerpt] The signing of the European Union associate membership treaty greatly strengthens Lithuania's safety, said President Brazauskas on national television.

In the president's words, this event in its international importance is only superseded by the reestablishment of an independent Lithuania. The stability of Lithuania's economy and its politics was a great factor in the signing of this treaty, said the president. Following the lead of Western Europe, Lithuania normalized its activities with neighboring countries and has good fundamental relations with them. In this he referred to Poland, Russia, and Belarus.

The president further went on to say that this treaty has opened a door for Lithuania for being an intermediary in political matters between the East and the West. President Brazauskas also announced that he has received an invitation from the president of France, Jacques Chirac, to attend the meeting of the heads of state of the members of the European Union in Cannes at the end of June.

President Brazauskas said that the signing of the treaty means that our foreign, defense, and internal policies will have to be coordinated with those of Brussels, and thereby Lithuania's security will be increased. [passage omitted]

This agreement also created a new geopolitical sphere in the Baltic region: with Sweden and Finland joining the European Union, the Baltic Sea becomes a Euro-

pean Union sea, and this satisfies Lithuania's national interests [President Brazauskas said].

President Brazauskas believes that this integration into Europe will require Lithuania to give up some of its sovereignty, for Lithuania will have to comply with the laws and norm of Europe. The president further said that we must protect our agricultural industry, commerce, and consumers. He said he believed that some compromises would be found.

The president believes that Lithuania acted soundly by choosing a lengthy five-year transition period to full membership into the European Union. He further stated that we will have to discard some of our nationalistic tendencies, as in this day and age they are outmoded and in some cases dangerous.

Mr. Brazauskas recalled that in order to speed up this process of integration, a committee, headed by the prime minister has been established. He said further that he did not foresee the creation of a special ministry for the European Union. The president expressed his hope that by joining the European Union the interparty disputes and unnecessary misunderstandings may cease. [passage omitted]

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 362
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.